DOCUMENT RESUME

ED 156 736 UD 018 237

TITLE	Part 19: Title I--Funds Allocation. Hearings Before the Subcommittee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor, House of Representatives, Ninety-fifth Congress, First Session.
INSTITUTION	Congress of the U.S., Washington, D.C. House Committee on Education and Labor.
PUB DATE	78
NOTE	1,412p.; Not available in hard copy due to the reproduction quality of the original document
EDRS PRICE	MF-$2.50 Plus Postage. HC Not Available from EDRS.
DESCRIPTORS	*Compensatory Education Programs; Educational Assessment; *Educational Quality; *Equal Education; Equalization Aid; Federal Aid; Financial Support; Government Role; *Hearings; *Resource Allocations
IDENTIFIERS	*Elementary Secondary Education Act Title I

ABSTRACT

This volume presents the proceedings of hearings concerning the allocation of Title I funds to States, districts, and individual schools. Proposals and a discussion of a bill introduced to change the allocation formula from an economic base to an achievement base are included. Other issues discussed in this volume are: the Elementary and Secondary Education Act 1977 amendments; changing the Title I formula from an economic base to an achievement base and the consequences of this change; allocation policies and processes; educational equality and educational quality; pupil selection for Title I funds; an assessment of who is and who is not selected for compensatory education; features of state testing and assessment programs; issues pertaining to guidelines for achievement based Title I eligibility estimation in school districts through States; a discussion of H.R. 7571, a comprehensive educational bill which seeks to allocate funds based upon educational needs; a survey of income and education; a discussion of ways in which the measure of poverty may be more accurately or currently developed; and an analysis of Title I involvement in various States. (Author/AM)

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PART 19: TITLE I—FUNDS ALLOCATION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 15

TO EXTEND FOR FIVE YEARS CERTAIN ELEMENTARY,
SECONDARY, AND OTHER EDUCATION PROGRAMS

HEARINGS HELD IN WASHINGTON, D.C.
NOVEMBER 1, 2, 3, 8, 9, AND 10, 1977

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*

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PART 19: TITLE I—FUNDS ALLOCATION, THE ESEA AMENDMENTS OF 1977

TUESDAY, NOVEMBER 1, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2261, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Ford, Mottl, Kildee, and Quie.

Staff present: John F. Jennings, majority counsel; Christopher Cross, minority senior education consultant; and Nancy L. Kober, staff assistant.

Chairman **Perkins**. The subcommittee will come to order.

The Subcommittee on Elementary, Secondary, and Vocational Education is resuming hearings today on Title I of the Elementary and Secondary Education Act. For the next 2 weeks, the subcommittee will be focusing on the question of how Title I funds ought to be allocated—to States, to districts, and to schools.

The last time the committee sought to amend Title I in 1974, we were caught up in a lengthy and distressing debate over the formula, which I feel diverted us from examining other important issues in Title I.

This year we also have before us some proposals to change the formula, and tomorrow and Thursday we will hear testimony on a bill introduced by Congressman Quie to change the Title I formula from an economic base to an achievement one.

But, I hope that during the course of considering these proposals, we do not repeat our experience of 1974 and lose sight of other crucial decisions we must make about this program.

I also hope that we do not lose sight of the true purpose of the program: serving those children who need assistance the most.

The National Institute of Education has conducted three studies relating to funds allocations. I am pleased to welcome once again Dr. Paul Hill and Dr. Iris Rotberg to discuss these studies.

In addition, we have a panel of three researchers who have also looked into various aspects of funds allocation and Title I students.

Mr. **Quie**. Mr. Chairman?

Chairman **Perkins**. Mr. Quie.

Mr. **Quie**. Before we begin, Mr. Chairman, so this will all lay in context when the hearings are printed, I would ask unanimous consent that a copy of my bill be placed in the record at this time.

Chairman **Perkins**. Without objection.

Mr. **Quie**. And then an explanation of it that I have put in the Congressional Record.

[The text of H.R. 7571 and explanation referred to follow:]

95th CONGRESS
1st Session

H. R. 7571

IN THE HOUSE OF REPRESENTATIVES

June 2, 1977

Mr. Quie introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To amend certain programs relating to elementary and secondary education, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Elementary and Secondary Education Amendments Act of 1977".

TITLE I—AMENDMENTS TO TITLE I OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

DECLARATION OF POLICY AND DURATION OF ASSISTANCE

Sec. 101. (a) (1) Section 101 of title I of the Elementary and Secondary Education Act of 1965 (hereinafter in this part referred to as "title I") is amended to read as follows:

"DECLARATION OF POLICY

"SEC. 101. In recognition of the special educational needs of children whose educational attainment is significantly lower than that reasonably expected of children of the same age and grade level, the additional costs to educational agencies of correcting such deficiencies, and the social and economic consequences to the Nation of educational failure, the Congress hereby declares it to be the policy of the United States to provide financial assistance to State and local educational agencies for programs which involve an assessment of deficiencies in basic learning skills of children and individualized efforts to overcome such deficiencies (including those resulting from a physical or mental handicap or from a lack of ability in the English language).".

(2) The amendment made by paragraph (1) shall take effect on October 1, 1980.

(b) Section 102 of title I is amended by striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1982".

USE OF FUNDS BY LOCAL EDUCATIONAL AGENCIES

SEC. 102. (a) (1) Section 141 (a) (1) (A) of title I (as amended by subsection (d) of this Act) is amended to read as follows: "(A) ,which are designed to meet the special educational needs of children whose educational attainment is significantly lower than that reasonably expected of children of the same age and grade level, including such children with special educational needs, in schools of such agency determined by such agency on the basis of data indicating those schools which have children with the greatest need for such programs and projects, and which give priority to serving those children with the greatest educational needs, of school volunteer programs in which volunteers work with children in programs of compensatory education and".

(2) Section 141 (a) (1) (B) of title I is amended by inserting immediately after "to this end" the following: "are located at schools in which at least 3 per centum of the children in attendance are children having those needs and".

(3) Section 141 (a) (1) of title I is amended by inserting immediately before the semicolon at the end thereof the following: ", and that, in determining under clause (A) of this paragraph the schools of the local educational agency which will receive payments under this title, the local educational agency shall derive its data relating to the need for programs and projects from an assessment of the educational needs of children which has been approved by the State educational agency under published guidelines of the Commissioner".

(b) Section 141 (a) (3) of title I is amended by inserting immediately before "and" at the end of clause (B) thereof the following: "except that, in determining the level of such funds from non-Federal sources, expenditures from such sources for any comparable State special programs for educationally deprived children shall not be included for any fiscal year for which the level of such expenditures is not less than the level of such expenditures for fiscal year 1976,".

(c) The amendments made by subsections (a) and (b) shall take effect with respect to fiscal years ending on and after September 30, 1979.

(d) Section 403(17) (20 U.S.C. 244(17)) of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress) is amended by striking out ", services which are comparable to those provided to similarly disadvantaged children residing in nonproject areas" and by striking out the comma immediately after "provide" and inserting in lieu thereof "services".

PLANNING AND COORDINATION

SEC. 103. (a) Section 141(a) of title I is amended by striking out "and" immediately after paragraph (13), by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(15) that the local educational agency will plan for the coordination of programs and projects assisted under this title with programs and projects assisted from other sources of funds, and for the coordination of such title I programs and projects with the staff of the public schools in which such programs and projects are located and the staff of the school district of such agency, and will carry out such coordination so that all such programs and projects complement one another and so that the needs of the individual children served by all such programs and projects are better met.".

(b) Section 142 of title I is amended by adding at the end thereof the following new subsection:

"(c) (1) Any State desiring to participate under this title shall submit, for each fiscal year, through its State educational agency to the Commissioner a comprehensive plan (or revision thereof) which shall contain—

"(A) standards and objectives for obtaining excellence in operating programs and projects assisted under this title, and an assessment of the success which has been attained in meeting such standards and attaining such objectives,

"(B) in the case of any State which has in effect for that fiscal year a program of compensatory education described in the first sentence of section 152(a) which is assisted with funds of that State, information on the manner in which such program will be coordinated with the programs and projects assisted under this title in order to better serve the children assisted under all such programs, and

"(C) assurances that not less than 80 per centum of the total amount of payments under this title for that fiscal year will be used for instructional programs which teach the basic skills of reading, mathematics, and language arts.

"(2) The Commissioner shall include summaries of any plans submitted under paragraph (1) for a fiscal year in the annual report of the Commissioner to the Congress for that year.".

(c) The amendments made by this section shall take effect with respect to fiscal years ending on and after September 30, 1978.

PARTICIPATION OF CERTAIN CHILDREN

SEC. 104. (a) Section 141A(b)(3) of title I is amended by inserting immediately before the period at the end thereof the following: ", and he may deduct from the appropriate payments under section 143(b) an amount equal to the amount necessary to cover his administrative costs for arranging for such services".

(b) The amendment made by subsection (a) shall take effect with respect to fiscal years ending on and after September 30, 1978.

DISTRIBUTION TO LOCAL EDUCATIONAL AGENCIES

SEC. 105. (a) Section 143 (a) (2) of title I is amended by adding at the end thereof the following new sentence: "In determining under the preceding sentence the approved amounts to be distributed to local educational agencies for the fiscal year ending September 30, 1980, each State educational agency may elect to base such determination upon data indicating the extent of educational need of children in schools located in the school district of the local educational agency, derived from an equitable educational assessment program in the areas of reading, mathematics, and language arts established or approved by the State educational agency. Such program shall meet criteria established by the Commissioner solely with respect to the fairness and lack of bias of such a program and with respect to the level of skill in reading, mathematics, and language arts for the appropriate age and grade level below which a child demonstrates significant educational need. If a State educational agency so elects, the requirement of the first sentence of this paragraph relating to the maximum amount which may be approved for any application of a local educational agency shall not apply and the amounts paid to that State for such year which local educational agencies within that

State are otherwise eligible to receive shall be distributed to such agencies upon the basis of such data.".

(b) (1) The amendments made by paragraphs (2) and (3) shall take effect with respect to fiscal years ending after September 30, 1980.

(2) To take effect as provided in paragraph (1), section 143 (a) (2) of title I is amended to read as follows:

"(2) From the funds paid to it pursuant to paragraph (1), each State educational agency shall distribute to each local educational agency of the State which is not ineligible by reason of section 103 (b) and which has submitted an application approved pursuant to section 141 (a) an amount determined by the State educational agency on the basis of data indicating the extent of educational need of children in schools located in the school district of the local educational agency, derived from an equitable educational assessment program established or approved by the State educational agency. Such program shall meet criteria established by the Commissioner solely with respect to the fairness and lack of bias of such a program and with respect to the level of skill in reading, mathematics, and language arts for the appropriate age and grade level below which a child demonstrates significant educational need.".

(3) To take effect as provided in paragraph (1), the first sentence of section 143 (a) (1) of title I is amended

by striking out everything after "the amount" and inserting in lieu thereof the following: "which it is eligible to receive, on its own behalf and on behalf of the local educational agencies of that State, under this title.".

(4) To take effect as provided in paragraph (1), the first sentence of section 103 (a) (2) of title I is amended by striking out "a local educational agency shall be eligible to receive" and inserting in lieu thereof "a State shall be eligible to receive on behalf of a local educational agency of that State".

ALLOCATION TO STATES

SEC. 106. (a) (1) Section 103 (c) of title I is amended to read as follows:

"(c) (1) The number of children to be counted for purposes of this section is the number which bears the same ratio to the aggregate number of children aged five to seventeen, inclusive, in schools located in the school district of the local educational agency as the number of children who are seven years of age in schools located in such school district whose educational attainment is significantly lower than that reasonably expected of children of the same age and grade level as determined under paragraph (2) bears to the total number of children who are seven years of age in schools located in such school district.

"(2) For purposes of this section, the Commissioner shall determine the number of children who are seven years of age whose educational attainment is significantly lower than that reasonably expected of children of the same age and grade level on the basis of the most recent educational performance data obtained from the National Assessment for Educational Progress conducted by the National Center for Education Statistics.".

(2) Section 103(a)(3) of title I is amended by striking out subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(b) Section 406(b) of the General Education Provisions Act is amended by adding at the end thereof the following new sentence: "The Center shall expand the data base of the National Assessment for Educational Progress so that such assessment shall provide satisfactory educational performance data for children seven years of age for purposes of determining the number of such children in each State whose educational attainment is significantly lower than that reasonably expected of children of that same age and grade level.".

(c) The amendments made by subsection (a) shall take effect with respect to fiscal years ending on and after September 30, 1981.

EDUCATIONALLY DEPRIVED INDIAN CHILDREN

SEC. 107. (a) The first sentence of section 103 (d) (2) of title I is amended by striking out "by" immediately after "for Indian children", and by inserting in lieu thereof "by or under contract with".

(b) (1) Section 103 (d) (2) of title I is amended by inserting immediately after the first sentence the following new sentence: "The Secretary of the Interior is directed, upon the request of any Indian tribe which has contracted with the Secretary of the Interior for the administration of programs under the Indian Self-Determination Act or under the Act of April 16, 1934, to enter into a contract or contracts, for financial assistance from the amount allotted for payments to the Secretary of the Interior under such clause (B) (ii), with any tribal organization of any such Indian tribe to plan, conduct, and administer programs and projects, or portions thereof, which are authorized by and consistent with the purposes of this title, except that such contracts shall be subject to the terms and conditions of section 102 of the Indian Self-Determination Act and shall be conducted in accordance with the provisions of sections 4, 5, and 6 of the Act of April 16, 1934, which are appropriate to the programs and projects administered under this sentence.".

(2) Section 103 (d) (2) of title I is further amended

by adding at the end thereof the following new sentence: "For purposes of this paragraph, the term 'Act of April 16, 1934' means the Act entitled 'An Act authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes', approved April 16, 1934 (48 Stat. 596; 25 U.S.C. 452 et seq.).".

STATE ADMINISTRATIVE EXPENDITURES

SEC. 108. (a) Section 143 (b) of title I is amended to read as follows:

"(b) (1) The Commissioner is authorized to pay to each State amounts equal to the portion of its administrative expenditures which is determined under paragraph (2), except that the total of such payments in any fiscal year shall not exceed—

"(A) 1.5 per centum of the amount allocated to the State and its local educational agencies as determined for that year under this title; or

"(B) $250,000, or $25,000 in the case of Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands, whichever is the greater.

"(2) The portion of the administrative expenditures of a State which the Commissioner is authorized to pay under paragraph (1) shall be—

"(A) for the fiscal year ending September 30, 1979, an amount equal to the sum of (i) the amount of such payments to that State for the base year, and (ii) 50 per centum of the administrative expenditures of that State for the fiscal year ending September 30, 1979, which are in excess of the amount of such payments to that State in the base year,

"(B) for the fiscal year ending September 30, 1980, an amount equal to the sum of (i) 10 per centum of the amount of such payments to that State for the base year, and (ii) 50 per centum of the administrative expenditures of that State for the fiscal year ending September 30, 1980, which are in excess of the amount of such payments to that State in the base year,

"(C) for the fiscal year ending September 30, 1981, an amount equal to the sum of (i) 20 per centum of the amount of such payments to that State for the base year, and (ii) 50 per centum of the administrative expenditures of that State for the fiscal year ending September 30, 1981, which are in excess of the amount of such payments to that State in the base year,

"(D) for the fiscal year ending September 30, 1982, an amount equal to the sum of (i) 30 per centum of such payments to that State for the base year, and (ii) 50 per centum of the administrative expenditures of that State for the fiscal year ending September 30, 1982, which are in excess of the amount of such payments to that State in the base year,

"(E) for the fiscal year ending September 30, 1983 (in the event that assistance under this title is authorized for that year), an amount equal to the sum of (i) 40 per centum of such payments to that State for the base year, and (ii) 50 per centum of the administrative expenditures of that State for the fiscal year ending September 30, 1983, which are in excess of the amount of such payments to that State in the base year, and

"(F) for the fiscal year ending September 30, 1984 (in the event that assistance under this title is authorized for that year), an amount equal to 50 per centum of the administrative expenditures of that State for that fiscal year.

"(3) For purposes of this subsection—

"(A) the term 'administrative expenditures' means the total amounts expended by a State for the proper and efficient performance of its duties under this title (including technical assistance for the measurements and evaluations required by section 141 (a) (6) and section 151), and

"(B) the term 'base year' means the fiscal year ending September 30, 1978.".

(b) The amendment made by subsection (a) shall take effect with respect to fiscal years ending on and after September 30, 1979.

MIGRATORY CHILDREN

SEC. 109. (a) Section 122 (b) of title I is amended by adding at the end thereof the following new sentence: "Not more than 1 per centum of the total amount of the grants which are available for use in any State for this section for any fiscal year may be used by the Commissioner to develop and disseminate programs in reading and mathematics designed to meet the special educational needs of migratory children of migratory agricultural workers or of migratory fishermen, through contracts with (1) education laboratories or centers with expertise in the field of such programs, or (2) State educational agencies directly serving such children.".

(b) (1) The first sentence of the first paragraph of section 144 of title I is amended by inserting immediately before the period at the end thereof the following: ", except that the amount of the grant under section 122 shall be reduced by an amount equal to the amount of such grant which would be attributable to any children not presently migrant but deemed to continue to be such under section 122 (a) (3)".

(2) The second sentence of such first paragraph of such section 144 is amended by inserting immediately after "for such year" the following: "and the total amounts for such year which (i) all State educational agencies are entitled to receive under section 122, and (ii) are attributable to children not presently migrant but deemed to continue to be such under section 122 (a) (3)".

(c) The amendments made by this section shall take effect with respect to fiscal years ending on and after September 30, 1978.

WITHHOLDINGS

SEC. 110. (a) The first sentence of section 146 of title I is amended by inserting immediately after "further payments" in the first place in which that term occurs the following: "(or any portions of those payments in cases where the Commissioner determines partial withholding to be more in keeping with the purposes of this title)", and by inserting immediately after "further payments" in the second place in which that term occurs the following: "(or any portions of those payments)".

(b) The second sentence of such section 146 is amended by inserting immediately after "further payments" the following: "(or portions of those payments, as the case may be)".

JOINT OPERATION OF FEDERAL AND STATE COMPENSATORY EDUCATION PROGRAMS

SEC. 111. Title I is amended by redesignating section 152 as section 153, and by inserting immediately after section 151 the following new section:

"JOINT OPERATION OF FEDERAL AND STATE COMPENSATORY EDUCATION PROGRAMS

"SEC. 152. In the case of any State which has in effect for any fiscal year a program of compensatory education which provides financial assistance to local educational agencies in an amount equal to not less than 20 per centum of the amount of assistance received under this title by that State during the preceding fiscal year consistent with the policy expressed in section 101 and which has submitted to the Commissioner a compensatory education plan designed to provide such assistance over a period of at least two fiscal years and to coordinate programs and funds under this title and such State program and to jointly operate programs thereunder, which provides for evaluating the effects of such programs on children with low educational attainment, the Commissioner may, if the Commissioner approves such plan, waive, for such period, any of the requirements (other than section 141A) applicable to that State or its local educational agencies under this title and authorize programs assisted under this title to be operated in accordance with such State plan. The Commissioner may grant a waiver under this subsection only after publication of the request for such waiver in the Federal Register. Any waiver granted by the Commissioner under this section shall take effect unless, within forty-five days after the date of the publication of the request for such waiver, a joint resolution is approved which provides that such waiver shall not take effect. For purposes of the preceding sentence, the forty-five-day period specified therein shall be determined in accordance with section 431(d)(2) of the General Education Provisions Act.".

FOLLOW THROUGH PROGRAM

SEC. 112. (a) Part B of the Headstart-Follow Through Act is redesignated and transferred as part E of title I, and sections 551 through 554 of such part are redesignated and transferred as sections 161 through 164 of title I, respectively.

(b) Sections 161 through 164 of title I (as redesignated and transferred by subsection (a)) are amended by striking out "Secretary" in each place where that term occurs, and inserting in lieu thereof "Commissioner".

(c) Section 551(a) of title I (as redesignated and transferred by subsection (a) and amended by subsection (b)) is further amended by inserting immediately before the period at the end thereof the following: ", and children in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in preschool programs of a compensatory nature which received Federal financial assistance".

TITLE II—AMENDMENTS TO OTHER EDUCATION PROGRAMS

NATIONAL READING IMPROVEMENT PROGRAM

SEC. 201. (a) Title VII of the Education Amendments of 1974 is amended by striking out everything that follows:

"TITLE VII—NATIONAL READING IMPROVEMENT PROGRAM"

down through section 711, and inserting in lieu thereof the following:

"STATEMENT OF PURPOSE

"SEC. 701. It is the purpose of this title to provide financial assistance to the States to enable them—

(1) to provide financial assistance for projects designed to strengthen reading instruction in elementary and secondary grades, for projects for the development and enhancement of necessary skills of instructional and other educational staff for reading programs, for projects

to establish measurable objectives for reading programs and to assess progress toward those objectives, for projects to develop the capacity of preelementary school children for reading or to establish or improve preelementary school programs in language arts and reading, or for projects to promote literacy among youth and adults;

(2) to develop comprehensive programs to improve reading proficiency and instruction in reading in the elementary and secondary schools of the State;

(3) to provide State leadership in the planning, improving, execution, and evaluation of reading programs in elementary and secondary schools; and

(4) to arrange for and assist in the training of special reading personnel and specialists needed in programs assisted under this title.".

(b) Such title VII is further amended by redesignating sections 712, 713, and 714 as sections 702, 703, and 704, respectively, by striking out

"PART C—OTHER READING IMPROVEMENT PROGRAMS"

and sections 721 and 722, by redesignating sections 723, 724, 725, and 726 as sections 705, 706, 707, and 708, respectively, by striking out

"PART D—GENERAL PROVISIONS"

and by redesignating sections 731, 732, and 733 as sections 709, 710, and 711, respectively.

(c) (1) Section 702 (as redesignated by subsection (b)) of such title VII is amended by striking out "this part" in both places where that term occurs and inserting in lieu thereof "sections 703 and 704", and by striking out "732 (a)" and inserting in lieu thereof "710 (a)".

(2) Section 703 (as redesignated by subsection (b)) of such title VII is amended by striking out "732 (a)" and inserting in lieu thereof "710 (a)", by striking out "this part" and inserting in lieu thereof "sections 703 and 704", by striking out "12" and inserting in lieu thereof "17", and by striking out "732" and inserting in lieu thereof "710".

(3) Section 704 (as redesignated by subsection (b)) of such title VII is amended—

(A) in subsection (a), by striking out "this part" in each place where that term occurs and inserting in lieu thereof "section 703 and this section", and by inserting "and secondary" immediately after "elementary" in each place where that terms occurs;

(B) in subsection (a) (4) by inserting immediately before the semicolon the following: ", and including a requirement that each such application shall set forth a reading program which meets the requirements of subsection (f)";

(C) in subsection (b), by striking out "this part" and inserting in lieu thereof "section 703 and this section", and by striking out "713" and inserting in lieu thereof "703";

(D) in subsection (e) by striking out "this part" and inserting in lieu thereof "section 703 and this section", and

(E) by striking out subsection (f) and inserting in lieu thereof the following new subsection:

"(f) Each application by a local educational agency within a State for assistance under section 703 and this section shall set forth a reading program which provides for—

"(1) diagnostic testing designed to identify preelementary, elementary, and secondary school children with reading deficiencies, including the identification of conditions which, without appropriate other treatment, can be expected to impede or prevent, or to continue to impede or prevent, children from learning to read;

"(2) planning for and establishing comprehensive reading programs;

"(3) reading instruction for elementary school and secondary pupils whose reading achievement is less than that which would normally be expected for pupils of comparable ages and in comparable grades of school;

"(4) to the extent practicable, preservice training programs for teaching personnel including teacher-aides and other ancillary educational personnel, and in-service training and development programs, where feasible, designed to enable such personnel to improve their ability to teach students to read;

"(5) participation of the school faculty, and students in reading-related activities which stimulate an interest in reading and are conducive to the improvement of reading skills, and parent participation in the development and implementation of such activities;

"(6) local educational agency school board participation in the development of programs;

"(7) periodic testing in programs for elementary and secondary school children on a sufficiently frequent basis to measure accurately reading achievement, and for programs for preelementary school children a test of reading proficiency at the conclusion, minimally, of the first-grade program into which the nursery and kindergarten programs are integrated;

"(8) publication of test results on reading performance by grade level, and where appropriate, by school, without identification of performance of individual children;

"(9) availability of test results on reading performance on an individual basis to parents or guardians of any child being so tested;

"(10) participation on an equitable basis by children enrolled in nonprofit private elementary and secondary schools in the area to be served (after consultation with the appropriate private school officials) to an extent consistent with the number of such children whose educational needs are of the kind the program is intended to meet;

"(11) the use of bilingual education methods and techniques to the extent consistent with the number of elementary and secondary school-age children in the area served by a reading program who are of limited English-speaking ability;

"(12) to the extent practicable, appropriate involvement of leaders of the cultural and educational resources of the area to be served, including institutions of higher education, nonprofit private schools, public and private nonprofit agencies such as libraries, museums, educational radio and television, and other cultural and education resources of the community; and

"(13) assessment, evaluation, and collection of information on individual children by teachers during each year of the preelementary program, to be made available for teachers in the subsequent year, in order that continuity for the individual child not be lost."

(d) Section 705(b) (as redesignated by subsection (b)) of such title VII is amended by adding at the end thereof the following new sentence: "Grants and contracts under this section shall not be made or entered into with respect to any application of a local educational agency unless the State educational agency of the State in which that local educational agency is located has received notice of that application and has had a reasonable opportunity for comment thereupon.".

(f) (1) Section 709 (as redesignated by subsection (b)) of such title VII is amended by striking out "732" and inserting in lieu thereof "710".

(2) Section 710 (as redesignated by subsection (b)) of such title VII is amended—

(A) in subsection (a), by striking out "parts A and B of this title" and inserting in lieu thereof "sections 703 and 704" and by inserting immediately before the period ", and for each of the four succeeding fiscal years",

(B) by striking out subsections (b) and (c),

(C) by redesignating subsection (d) as subsection (b) and in such subsection, by striking out "723" and inserting in lieu thereof "705", by striking out "June 30, 1977 and 1978" and inserting in lieu thereof "before October 1, 1982" and by inserting "thereafter" immediately after "years",

(D) by redesignating subsection (e) as subsection (c), and, in such subsection, by striking out "724" and inserting in lieu thereof "707", by striking out "each", and by striking out "and for the succeeding fiscal year" and inserting in lieu thereof "$10,000,000 for the fiscal year ending September 30, 1978, $15,000,000 for the fiscal year ending September 30, 1979, and $20,000,000 for the fiscal year ending September 30, 1980, $25,000,000 for the fiscal year ending September 30, 1981, and $30,000,000 for the fiscal year ending September 30, 1982",

(E) by redesignating subsection (f) as subsection (d), and, in such subsection, by striking out "725" and inserting in lieu thereof "708", and by inserting immediately before the period ", and $2,000,000 for the fiscal year ending September 30, 1979, and for each of the three succeeding fiscal years",

(F) by redesignating subsection (g) as subsection (e), and, in such subsection, by striking out "726" in each place where it occurs and inserting in lieu thereof "708" and by striking out "two" and inserting in lieu thereof "six".

(g) Section 425(a) of the General Education Provisions Act is amended by inserting immediately after "1965," the following: "and in the case of national reading improvement programs provided for in title VII of the Education Amendments of 1974,".

SEC. 202. (a) Sections 310(b) and 311(b) of the Adult Education Act are each amended by striking out "1978" and inserting in lieu thereof "1982".

(b) Section 313(a) of such Act is amended by striking out "June 30, 1978" and inserting in lieu thereof "September 30, 1978, and each of the four following fiscal years".

(c) Section 314(d) of such Act is amended by striking out "July 1, 1978" and inserting in lieu thereof "October 1, 1982".

EXTENSION OF THE BILINGUAL EDUCATION ACT

SEC. 203. (a) (1) Section 702(b)(1) of the Bilingual Education Act is amended by inserting immediately before the period at the end thereof the following: ", and for each of the following four fiscal years".

(2) Section 702(b)(2) of such Act is amended by inserting immediately before the period at the end thereof the following: ", and for each of the four following fiscal years".

(b) Section 723(a)(2) of such Act is amended by striking out "October 1, 1978" and inserting in lieu thereof "October 1, 1982".

(c) The first sentence of section 731 (c) of such Act is amended by inserting "and February 1, 1980," immediately after "1978,".

(d) Section 742 (e) of such Act is amended by striking out "July 1, 1978," and inserting in lieu thereof "October 1, 1982".

AMENDMENTS TO THE BILINGUAL EDUCATION ACT

SEC. 204. (a) (1) Section 702 (a) (3) of the Bilingual Education Act is amended by inserting "English" immediately after "learns".

(2) Section 703 (a) (1) (A) of such Act is amended by striking out "or" and inserting in lieu thereof "and".

(3) Section 704 (a) of such Act is amended by striking out paragraph (3).

(4) Section 704 (a) (4) (A) (i) of such Act is amended by striking out "progress effectively through the educational system" and inserting in lieu thereof "achieve competence in the English language", and by inserting immediately after "cultural heritage of such children" the following: "and of other children in American society".

(5) Section 703 (a) (4) (B) of such Act is amended to read as follows:

"(B) Participation in such programs shall be limited to children of limited English-speaking ability, and, in determining eligibility to participate therein, priority shall be given to those children whose limitations of English-speaking ability are most severe."

(6) Section 703 (a) (4) (E) of such Act is amended by striking out "in consultation with" and inserting in lieu thereof "on the basis of the model selected in accordance with section 721 (b) (2) (E) by", and by inserting "and in consultation with" immediately after "ability,".

(7) Section 703 (a) (8) of such Act is amended by striking out "part J" and inserting in lieu thereof "subpart 3 of part B".

(8) Section 703 of such Act is amended by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(b) (1) Section 721 (b) (2) (A) of such Act is amended by inserting "and" immediately before " (iii) " and by striking out everything that follows "activities" and inserting in lieu thereof a semicolon.

(2) Section 721 (b) (2) of such Act is amended by striking out "and" after subparagraph (C), by striking out the period at the end thereof and inserting in lieu thereof a semicolon, and by adding at the end thereof the following new subparagraphs:

" (E) the applicant agrees to select, on the basis of the choice of parents of children of limited English-speaking ability in the area to be served, a model from the program models published by the Director under section 731 (d), to operate the program for which assistance is sought on the basis of such model, and to evaluate such program on the basis of the evaluation models published by the Director under such section; and

"(F) in the case of any application for a grant with respect to a program which was assisted with a grant under this part in the preceding fiscal year, the Commissioner determines, on the basis of an evaluation of such program conducted in accordance with the evaluation models published under section 731 (d), that the children who participated in that program during that year demonstrated progress in attaining English language skills."

(c) Section 731 of such Act is amended by adding at the end thereof the following new subsection:

"(d) The Commissioner shall, within six months after the date of the enactment of the Elementary and Secondary Education Amendments Act of 1977, develop and publish in the Federal Register models for programs of bilingual education which may include suggested teacher-pupil ratios, teacher qualifications, and other factors affecting the quality of instruction offered, and which shall represent a variety of types of such programs, and models for the evaluation of such programs as to the progress made by participants therein attaining English language skills.".

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

SEC. 205. Sections 401(a)(1) and 401(b)(1) of the Elementary and Secondary Education Act of 1965 are each amended by striking out "two" and inserting in lieu thereof "six".

TITLE III—GIFTED AND TALENTED CHILDREN

SHORT TITLE

SEC. 301. This title may be cited as the "Gifted and Talented Children Act".

ADMINISTRATION

SEC. 302. (a) The Commissioner of Education shall designate an administrative unit within the Office of Education to administer the programs and projects authorized by this title and to coordinate all programs for gifted and talented children and youth administered by the Office.

(b) The Commissioner of Education shall establish or designate a clearinghouse to obtain and disseminate to the public information pertaining to the education of gifted and talented children and youth. The Commissioner of Education is authorized to contract with public or private agencies or organizations to establish and operate the clearinghouse

GRANT PROGRAM

SEC. 303. (a) (1) The Commissioner of Education shall make grants to State educational agencies and local educational agencies, in accordance with the provisions of this subsection, in order to assist them in the planning, development, operation, and improvement of programs and projects designed to meet the special educational needs of gifted and talented children at the preschool and elementary and secondary school levels.

(2) (A) Any State educational agency or local educational agency desiring to receive a grant under this subsection shall submit an application to the Commissioner of Education at such time, in such manner, and containing such information as the Commissioner of Education determines to be necessary to carry out his functions under this title. Such application shall—

(i) provide satisfactory assurance that funds paid to the applicant will be expended solely to plan, establish, and operate programs and projects which—

(I) are designed to identify and to meet the special educational and related needs of gifted and talented children, and

(II) are of sufficient size, scope, and quality as to hold reasonable promise of making substantial progress toward meeting those needs;

(ii) set forth such policies and procedures as are necessary for acquiring and disseminating information derived from educational research, demonstration, and pilot projects, new educational practices and techniques, and the evaluation of the effectiveness of the program or project in achieving its purpose; and

(iii) provide satisfactory assurance that, to the extent consistent with the number of gifted and talented children in the area to be served by the applicant who are enrolled in nonpublic elementary and secondary schools, provision will be made for the participation of such children.

(B) The Commissioner of Education shall not approve an application under this subsection from a local educational agency unless such application has been submitted to the State educational agency of the State in which the applicant is located and such State agency has had an opportunity to make recommendations with respect to approval thereof.

(3) Funds available under an application under this subsection may be used for the acquisition of instructional equipment to the extent such equipment is necessary to enhance the quality or the effectiveness of the program or project for which application is made.

(4) A State educational agency receiving assistance may carry out its functions under an approved application

under this subsection directly or through local educational agencies.

(b) The Commissioner of Education is authorized to make grants to State educational agencies to assist them in establishing and maintaining, directly or through grants to institutions of higher education, a program for training personnel engaged or preparing to engage in educating gifted and talented children or as supervisors of such personnel.

(c) The Commissioner of Education is authorized to make grants to institutions of higher education and other appropriate nonprofit institutions or agencies to provide training to leadership personnel for the education of gifted and talented children and youth. Such leadership personnel may include, but are not limited to, teacher trainers, school administrators, supervisors, researchers, and State consultants. Grants under this subsection may be used for internships, with local, State, or Federal agencies or other public or private agencies or institutions.

RESEARCH AND RELATED ACTIVITIES

SEC. 304. Notwithstanding the second sentence of section 405 (b) (1) of the General Education Provisions Act. the National Institute of Education shall, in accordance with the terms and conditions of section 405 of such Act, carry out a program of research and related activities relating to the education of gifted and talented children. The Commissioner of Education shall transfer to the National Institute of Education such sums as may be necessary for the program required by this section. As used in the preceding sentence the term "research and related activities" means research, research training, surveys, or demonstrations in the field of education of gifted and talented children and youth, or the dissemination of information derived therefrom, or all of such activities, including (but without limitation) experimental and model schools.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 305. There are hereby authorized to be appropriated to carry out this title not to exceed $12,500,000 for the fiscal year ending September 30, 1979, and for each of the three succeeding fiscal years.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 95th CONGRESS, FIRST SESSION

Vol. 123 WASHINGTON, THURSDAY, JUNE 2, 1977 No. 94

House of Representatives

LEGISLATION AMENDING AND EXTENDING ELEMENTARY AND SECONDARY EDUCATION ACT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. QUIE) is recognized for 10 minutes.

Mr. **QUIE**. Mr. Speaker, I am today introducing legislation to amend and extend the Elementary and Secondary Education Act and various other programs of assistance to students in grades kindergarten through 12.

The major thrust of the bill is to amend title I of ESEA to provide that beginning with fiscal year 1978 funds will be allocated on the basis of educational need as opposed to the current formula which is based on discredited economic data and the outlandish assumption that being economically poor is equivalent to being educationally disadvantaged.

Before I detail the bill which I have introduced, I would like to note that the thrust of the changes I am proposing in the allocation of title I funds has already received a great deal of favorable support.

William A. Bibbiana, senior research analyst, Pasadena Unified School District, Pasadena, Calif., in a letter to the editors, Education U.S.A., wrote:

> In reference to Congressman Quie's proposal, we welcome the possibility of extending Title I funds based on a "national test" or other indicator of academic achievement. To base funding solely upon "need" without including effectiveness as a criterion for continued funding is, in fact, deleterious educationally and wasteful financially.

Dr. James P. Miller, superintendent of schools, Santa Fe Public Schools, Santa Fe, N. Mex., stated:

> We wholeheartedly support the philosophy addressed in the first three items in your letter, namely that the allocation of Title I funds should be determined solely on educational need. While we recognize the original political necessity of placing ESEA under the War on Poverty aegis, we believe the time has come to remove these funds from general social action and to concentrate them solely on education.

Mr. John W. Phillips, acting superintendent, Charlotte-Mecklenburg Schools, Charlotte, N.C., said:

> The Board and Staff of the Charlotte-Mecklenburg school system support wholeheartedly the proposed legislation to direct school districts to allocate funds among schools on the basis of educational need. We feel that this is a fairer, more equitable way of assuring that children, whose educational attainment is significantly lower than that expected of children of the same age and grade, receive the help they need.

Dr. Owen B. Kiernan, executive director, the National Association of Secondary School Principals, commented:

> Using educational need, rather than income level to determine eligibility for Title I, is a constructive approach. We agree that Title I should not be an educational subsidy tied to low income. Rather, it should be an educational subsidy tied to low achievement.

Mr. George W. Barnes, Federal projects coordinator, Clearfield Area School District, Clearfield, Pa., wrote:

> At last evening's meeting of our Parent Advisory Council for ESEA Title I in the Clearfield Area School District, the members passed a resolution expressing support for you in your fight to remove the Title I formula that requires a school building to have a high-enough percentage of economically-disadvantaged students to qualify it for Title I supplementary instruction in reading and math.
>
> We believe that such restrictions placed on us by the Title I regulations are not only discriminatory but may be a violation of rights that could be overturned by the Supreme Court if some family would be so inclined to press suit.

This bill is a refined version of legislation which I had introduced in the 93d Congress (H.R. 5163) to amend title I to provide for allocation according to educational need. The new bill builds upon many of the comments and suggestions made about the earlier bill.

In addition to amending title I of ESEA, the bill also contains major substantive amendments to title VII, ESEA, providing aid for bilingual education programs, and to the National Reading Improvement Act. The legislation also establishes a program to assist school districts in providing programs for gifted and talented children.

The amendments made to the Bilingual Education Act have been prompted by recent evaluation reports on the program done under contract to the U.S. Office of Education by the American Institute of Research and are reflective of concerns expressed in a recent subcommittee hearing by Joseph Coates of the Office of Technology Assessment.

The amendments to the Reading Act are designed to remedy some of the administrative confusion and unnecessary duplication created in the 1974 law (P.L. 93-380) by the merging of different House and Senate approaches to the grant-making process.

The inclusion of a program for gifted and talented children is based on my belief that there is a vital need to stimulate programs for the bright student just as Federal policy has done for the disadvantaged and the handicapped. Naturally, the level and extent of support in this area will be quite small in comparison to the other special populations served by Federal programs; however, this is an area where a few Federal dollars will stimulate a great deal of effort at the State and especially at the local level.

As I mentioned earlier, the main thrust of my bill deals with title I of ESEA. For several years now I have felt that the title I allocation formula was both unfair and unwise. Ever since the enactment of title I in 1965, funds have been allocated on the basis of census and welfare data. Both of these data elements have significant drawbacks which have been enumerated in a variety of congressional hearings.

To recapitulate, census information suffers from being untimely. For example, the 1970 census asked respondents about their 1969 income. By the time that data was available for use by USOE, it was 1973 and that data will be in use until results of the 1980 census are available in about 1983. By that time a sixth grade child from a poverty family in the 1970 census would be 24 years old and would likely be living in a different school district, might or might not have children of his or her own, and would likely no longer be in a family designated as below the poverty line. In addition, there is also a strong likelihood that that sixth-grade child in 1970 would have received at least some college education, if not a degree. And yet through legislative legerdemain, Congress has decreed that the school district of attendance in 1970 will continue to get funds based on that child. In this period of declining enrollments, we might well find someday that the number of title I eligible children, using census information, is greater than the actual enrollment. Such is the power of the legislatively created phantom child.

The Census Bureau has also acknowledged that census methods are inaccurate in counting some minority citizens.

In a report of the 1970 census, the Census Bureau estimated that it had missed 5.3 million people. Further, the Bureau estimates that the error rate ranges from less than 1 percent for white females aged 10–14 to 10.4 percent for black males under 5 years of age.

The other major component of the title I formula is welfare data based on counts of the number of children on AFDC where the AFDC payment is higher than the current poverty level.

AFDC data suffers from a host of problems. The AFDC program is subject to enormous variations between States. For example, each State makes the decision on whether or not to provide AFDC funds to families where a man is present in the home. As a result, half the States have such a program and half do not. What a ridiculous thing to reward school districts in half the States with a title I payment as a bonus for a broken family on welfare.

The AFDC program is also subject to enormous errors in payments and eligibility. A report by HEW for the period January–June 1976 showed that in some States as many as 14.6 percent of the AFDC recipients were ineligible for such aid. Even the best administered program had a 0.6 percent error rate on eligibility. In another category, as many as 25.7 percent of those eligible were receiving more than they should have been. Although recent actions by Congress and HEW have had some effect in reducing the scale of the problem, it is hardly a data base to use to allocate education funds.

In contrast to the system that now exists, I propose in the bill introduced today that title I dollars be directed to those with the greatest demonstrated educational need.

In brief, what I propose is that the National Assessment of Educational Progress, an already functioning, experienced organization funded by HEW's National Center for Educational Statistics, be directed to test a sample of 7-year-old children of sufficient size to produce valid State-level estimates. I have chosen 7-year-olds as the only age to be tested for the national distribution because they are both old enough to be tested and young enough not to be subject to any real school influences. The educational deficiencies that they will exhibit will be real and serious.

By using the national assessment we will gain from the experience of that organization and use their procedures which utilize random sampling and a controlled testing environment directed by an NAEP employee or contractor. According to the information they have supplied me, an adequate sample for each State will be between 1,000 and 2,000 children.

The data collected from NAEP will be used for interstate allocation. Once the dollars are received at the State level, it will be up to the State to devise the means to accomplish intrastate allocation. Since about 40 States have some type of testing program, that should not be too difficult. Many States could probably implement such a change within a year. To assure fairness of the testing instrument and its lack of bias, the State would be required to obtain the approval of the Commissioner. The Commissioner would also approve the State's plan with respect to setting of the cut-off point for allocation among school districts. To conform with the Federal allocation based on 7-year-olds, I would urge, but not require, the States to assess 7-year-olds as well.

Once the allocations have been made to the school district, then the district would apportion the funds to schools. There would be two restrictions. No school with less than a 3-percent educationally disadvantaged population could receive title I funds, and the LEA would be required to serve those with the greatest educational needs first.

I realize that this plan will require some adjustments and I have, therefore, provided for a phased-in transition to this new method. In the first year after enactment, fiscal year 1979, LEA's would be required to use this new method of allocating funds within the district. Beginning in fiscal year 1980, States would have the option of using the new system with a fiscal year 1981 deadline for compliance. The national allocation would first occur in fiscal year 1981. This 3-year, three-stage phase-in should provide adequate time for the needed transition.

In addition to these changes in the allocation system and formula, my bill also contains a number of other amendments to title I. They are as follows:

First. An average of not less than 90 percent of all title I funds within a State would have to be spent on the basic skills of reading, mathematics, and the language arts.

Second. Each LEA would be required to coordinate programs and projects assisted under title I with the regular program and staff of the agency. This would hopefully eliminate the situation that currently exists in many districts where the title I program virtually operates as a tenant and the school as a landlord with little or no coordination between the academic program and staff.

Third. States would be permitted to increase funds withheld for State administration for 1 to 1½ percent and would further be required to match, over a period of years, all Federal money withheld for administration.

Fourth. Programs for migrant students who have left the migrant stream would be subject to pro rata reduction.

Fifth. The Commissioner would be permitted authority to withhold a portion of a State's title I grant if such an action would be more in keeping with the nature of the offense and purpose of the act. Current law requires a total cutoff of funds even for the most minor infraction.

Sixth. States which have their own compensatory education programs would be permitted to submit a plan for the joint administration of the State and Federal compensatory program. The Commissioner would be permitted to waive portions of the law or regulations in order to permit joint administration. Any such waiver would be published in the Federal Register and subject to a 45-day congressional review period.

Seventh. The follow through program is transferred from the Community Services Act to title I, ESEA.

In addition to the changes in title I, the bill also includes, as I noted earlier, some major amendments to the Bilingual Education Act.

These amendments would direct the program primarily toward proficiency in the English language and would require:

First, the development of a variety of bilingual models;

Second, that local parents select the type of programs;

Third, multicultural teaching;

Fourth, annual program evaluations;

Fifth, that academic progress be demonstrated before further funding of a program could take place; and

Sixth, those students with the greatest need for the program be served first.

I am proposing these changes both because of my own concern about the direction of the program and because of the recent evaluation studies which I mentioned earlier. Let me make clear the fact that I support a bilingual program which will assist limited and non-English speaking students in learning English. I also support the notion that States and local districts can choose to fund a maintenance program or a full bilingual-bicultural program if they so desire. I do, however, oppose a Federal policy that endorses such an approach and I become very concerned when evaluation reports indicate that a vast majority of title VII students are in fact English-language dominant.

The OE evaluation study contained the following major findings:

Only one-third of the students enrolled in bilingual education classrooms were of limited English-speaking ability.

During a 5½ month period title VII hispanic students made smaller progress in English language proficiency than their nonprogram counterparts, but showed greater gains in mathematics.

Eighty-six percent of the title VII project directors reported that Spanish dominant students often remain in bilingual classrooms after they are able to function in English.

The amendments I am proposing to title VII should assist in overcoming these adverse findings.

The other major set of amendments contained in my bill deal with the National Reading Improvement Act. As passed in 1974 as title VII of Public Law 93–380, the act contains two major parts dealing with assistance to States and local districts. The combination of these two parts represented a combination of different approaches. In my view and in the view of many in the field who are familiar with the program, the merger has not worked well and has, in fact, created a great deal of confusion.

The amendments contained in the bill I have introduced today merge parts A and B and eliminate two sections of the law which have either not been used or whose effectiveness I question. The amendments also extend the program through fiscal year 1982.

Finally, my bill creates a separate program for gifted children authorized at $12.5 million for each of 4 years and extends title IV of ESEA and the Adult Education Act through 1982 without amendment.

On June 7, Chairman PERKINS will begin an extensive series of hearings on ESEA and related acts providing assistance to elementary and secondary schools. I commend him for the very thorough schedule he has announced and for his openness and willingness to explore the enormous number of issues which are raised by the list of OE programs operating in this area.

Although my bill covers a number of programs, it does not cover them all. Emergency school aid, impact aid, and the Special Projects Act all will come up for renewal in this Congress. In each of these programs, as well as in areas like the Adult Education Act, there are many other issues which need thorough exploration. I would expect that the committee will make extensive recommendations for modification in all of these programs.

I include a section-by-section analysis of the bill:

SECTION-BY-SECTION DESCRIPTION OF THE ELEMENTARY AND SECONDARY EDUCATION ACT AMENDMENTS OF 1977

TITLE I—AMENDMENTS TO TITLE I OF ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

Section 101. Amends the Declaration of Policy section of Title I, effective October 1, 1978, to provide that Title I funds will be allocated to State and local educational agencies on the basis of educational need as determined by an assessment of deficiencies in basic learning skills.

In addition, this section extends Title I through fiscal 1983.

Section 102. This section amends the LEA application section of Title I (Sec. 141) to provide that, beginning with fiscal 1979, the LEA must:

(a) allocate funds to schools on the basis of educational need and give priority in providing services to those with the greatest need;

(b) not provide services to children in any school where the concentration of educationally needy children is less than three percent of the children enrolled in that school;

(c) derive the data relating to educational need from educational measurements approved by the State education agency according to guidelines published by the Commissioner;

(d) determine the level of non-Federal sources based upon the exclusion of comparable State special programs for educationally deprived children, providing that the level of such expenditures for State programs is not less than the expenditure level for fiscal 1978.

This section also amends the "excess cost" definition in Section 403 of P.L. 874 to delete language that has hampered the development of comparable State compensatory education programs.

Section 103. (a) This section amends the LEA application section to require that the LEA must plan for the coordination of programs and projects assisted under Title I with the regular public school program and staff so that such programs and projects complement one another and so that the needs of the individual children served by such programs and projects are better met.

(b) Section 143 of Title I, dealing with assurances from the States, is amended by adding a new subsection to require that the State education agency shall submit a comprehensive plan (or revision) which shall contain:

(1) standards and objectives for obtaining excellence in Title I projects and an assessment of the success which has been obtained in meeting such standards and objectives,

(2) information on how States which have State compensatory programs will coordinate the State programs with Title I to better serve the children assisted, and

(3) an assurance that not less than 50 per centum of the payments received by a State will be used for instructional programs in reading, mathematics, and language arts.

Section 104. The section of Title I dealing with the participation of non-public school children is amended to provide that in instances where the Commissioner must "bypass" the State or LEA, he may deduct from the grant an amount necessary to cover his administrative expenses for arranging such services.

Section 105. The payment section (143) of Title I is amended to provide that for fiscal 1980 states may have the option of allocating funds to LEAS according to an assessment of educational need and that, beginning with fiscal 1981, States would be required to use such means. Any measurement program used by the States would have to be approved by the Commissioner. The Commissioner would be required to approve the measurement program to assure that it is culturally fair and non-biased and that it will result in an adequate measurement upon which to base intrastate allocations.

Section 106. This section amends Sec. 103 of Title I (dealing with grants) to provide that beginning with fiscal 1981 the interstate allocation of funds will be based on an assessment of educational need as determined by data derived from the National Assessment of Educational Progress relative to the performance of 7-year olds in each State. The entitlement for each State would be based on the projected number of educationally disadvantaged—each State using the ratio of 7-year olds so determined in each State compared to the national number and then extrapolating that figure to the total number of children ages 5–17 in the nation.

Section 107. This section contains amendments to Sec. 103 and provides that the Secretary of the Interior may contract with tribal organizations for the delivery of Title I services to Indian children.

Section 108. This section amends the section providing funds for State administrative expenses to increase the maximum set-aside from 1 to 1.5 percent and to require that States match Title I moneys withheld for administration. The matching provision would be phased in over a six-year period. In addition, the definition of "administrative expenditures" is expanded to include technical assistance related to measurement and evaluation.

Section 109. The Title I set-aside for migrant children is amended to permit the Commissioner to use not more than one percent of the funds to develop, by contract, and disseminate programs for migrant children in the basic skills areas of reading and mathematics. The payments to States for those children whose parents have dropped out of the migrant stream, are made subject to pro rata reduction in the case of insufficient appropriations for Title I.

Section 110 Section 146 dealing with withholdings in cases of noncompliance with Title I is amended to permit the Commissioner to hold back a portion of the State's Title I payment. Current law requires that the entire payment be withheld even for minor infractions.

Section 111. A new section (150) is added providing that in any State with a State compensatory program consistent with Title I and funded at an amount equal to at least 30 per centum of the State's Title I payment, the State may submit a two-year plan for the joint administration of both programs. If such plan so requires, the Commissioner is empowered to waive requirements of Title I following publication of such waiver request in the Federal Register and a 45-day review by the Congress. However, the section of Title I dealing with services to students in non-public schools may not be waived.

Section 112. The Follow Through program, operated by the U.S. Office of Education and authorized in the Community Services Act of 1974, is transferred to Title I.

TITLE II—AMENDMENTS TO OTHER EDUCATIONAL PROGRAMS

Section 201. (a) Part A of the National Reading Improvement Program, Title VII of P.L. 93-380, is combined with Part B of that Act to provide for better coordination and management, in addition to Parts C and D of that Act, dealing with Special Emphasis Projects and Reading Training on Public Television.

The terms of the Act are amended to permit service to secondary school students. The section providing for grants to reading academies is amended to require notification of and opportunity for comment by the State education agency.

The Act is extended through fiscal 1983.

Section 202. The Adult Education Act is extended through fiscal 1983.

Section 203. The Bilingual Education Act is extended through 1983.

Section 204. The Bilingual Education Act is amended by:

(a) emphasizing the transitional nature of programs funded under the Act;

(b) requiring the teaching of multicultural contributions to American society;

(c) limiting participation in programs to children of limited English-speaking ability and requiring that those with the greatest needs be given priority in service;

(d) directing the creation of several model bilingual programs and placing in the hands of local parents the decision on which model to use;

(e) requiring that use of evaluation models in each project;

(f) requiring that the refunding of a project be contingent upon demonstrated progress by children serviced by the project in attaining English language skills. In addition, the Commissioner is directed to publish program and evaluation models in the *Federal Register* within six months of the date of enactment of the Elementary and Secondary Education Act Amendments of 1977.

Section 205. Title IV of the Elementary and Secondary Education Act is extended through fiscal 1983.

TITLE III—GIFTED AND TALENTED CHILDREN

Section 301. This Title is cited as the "Gifted and Talented Children Act."

Section 302. The Commissioner is required to designate an administrative unit within the Office of Education to administer programs and projects funded under this title and to coordinate all gifted and talented programs in the U.S. Office of Education. Also, the Commissioner is directed to establish or designate a clearinghouse on the education of gifted and talented programs.

Section 303. Creates a program of grants to State and local education agencies for gifted and talented children from preschool through the secondary school level. Also authorized by this section are grants to train personnel for working with gifted and talented children.

Section 304. Directs the National Institute of Education to carry out a program of research related to gifted and talented children and directs the transfer of funds from the Commissioner to the Director of the National Institute of Education to carry out such a program.

Section 305. Authorizes $12.5 million for fiscal year 1979 through 1983.

Mr. **Quie**. And I would like to also include here three letters, unsolicited by myself. One comes from Paxinos, Pennsylvania. "I am president of our local PTA. We feel that Title I legislation should be rewritten. It's unfair that this program is based on the assumption that poor children are the only ones with educational problems.

"As a parent, Sunday school teacher and PTA officer, I feel in all fairness that the Title I program should be rewritten so that all schools receive a fair share of the money for all children who have an educational need for remedial help.

"Also, that all districts be allowed to use Title I funds where most needed and to pay for the same types of remedial programs presently provided by Title I. Stop basing the program on the assumption that poor children from low-income families are the only ones with educational needs or problems.

"I trust you will take the time to work on steps to correct the legislation."

The one was from Opheim, Montana. "In reading *Education USA*, an article discussing the Title I formula was presented. The article quotes you as wanting the money directed at low-achieving students rather than at those from poor families.

"I heartily agree.

"I am superintendent of a small district in Montana where we have had Title I, lost it, and then received it, mainly because of the movement into our district by one or two families. (Total district enrollment, 285 students.) Does this mean that our low achievers move in and out as these two families move.

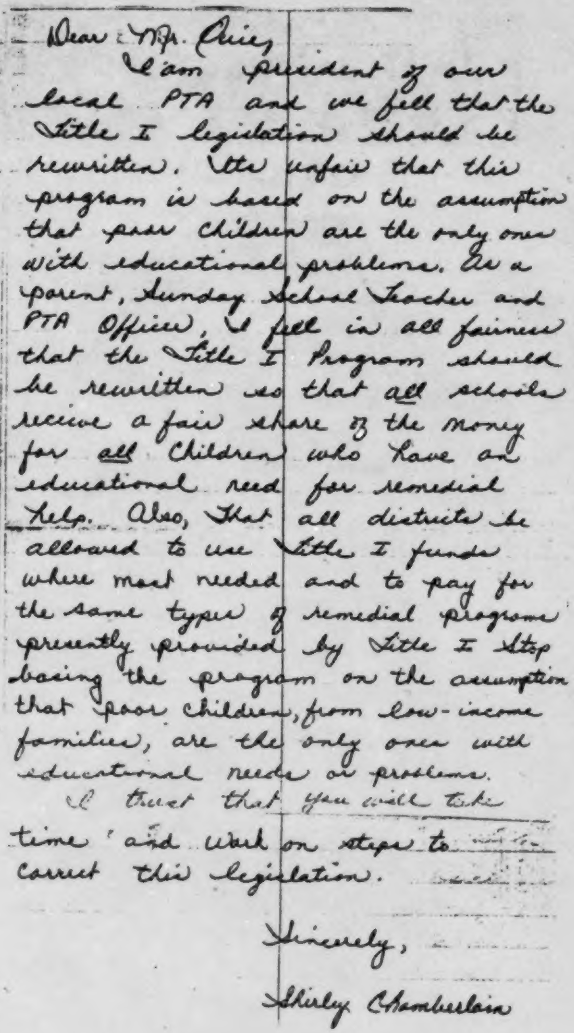
"I say that they don't as we have low achievers and always will. These students are entitled to the same benefits as every other child. Their main handicap is that their parents are white, rural, and their parents pay through property taxes for a large share of their education.

I hope that you do not bend in your disagreement with Representative Perkins and if I can be of any assistance, please feel free to call on me.'

The other one is from Dr. C. R. Bulach, Local Superintendent from Little Miami Local School District of Morrow, Ohio. I just want to place those in the record.

Chairman **Perkins**. Without objection, all the letters and other material will be placed in the record.

[The information referred to follows:]



Dear Mr. Quie,

I am president of our local PTA and we feel that the Title I legislation should be rewritten. Its unfair that this program is based on the assumption that poor Children are the only ones with educational problems. As a parent, Sunday School Teacher and PTA Officer, I feel in all fairness that the Title I Program should be rewritten so that *all* schools receive a fair share of the money for *all* Children who have an educational need for remedial *help.* Also, That all districts be allowed to use Title I funds where most needed and to pay for the same types of remedial programs presently provided by Title I Stop basing the program on the assumption that poor children, from low-income families, are the only ones with educational needs or problems.

I trust that you will take time and work on steps to correct this legislation.

Sincerely,

Shirley Chamberlain

[redacted]

LITTLE MIAMI LOCAL SCHOOL DISTRICT

5819 MORROW-ROSSBURG ROAD
MORROW, OHIO 45152
Phone: 899-2264

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Assistant H.S. Principal
James H. Taylor

Junior High School
Thomas C. Hibler

Elementary
Robert Carver
Michael L. Farmer
Kenneth Oliver

October 3, 1977

Rep. Albert Quie
House of Representatives
2185 Rayburn House Office Building
Washington, D. C. 20515

Dear Representative Quie:

Hopefully, the attached letter will be of benefit to you in changing the present Title I funding program. If I can be of further assistance, please let me know.

Regards,

C. R. Bulach

Dr. C. R. Bulach
Local Superintendent

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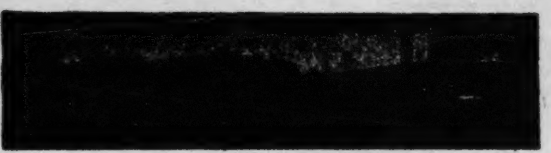
att.



LITTLE MIAMI LOCAL SCHOOL DISTRICT

5819 MORROW-ROSSBURG ROAD
MORROW, OHIO 45152
Phone: 899-2264

October 3, 1977

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Junior High School
Thomas C. Hubler

Elementary
Robert Curran
Michael L. Farmer
Kenneth Oliver

To Whom It May Concern:

I recently became aware of Bill HR 7571, sponsored by Representative Quie, Republican, Minnesota. The thrust of this Bill is basically to change the current Title 1 funding formula from one of funding on the basis of the economic need, to one of funding on the basis of educational need.

I wholeheartedly endorse this change in the Title 1 funding formula. Presently, in our school district we have one elementary school building which is in danger of loosing it's Title 1 funds, because we do not have enough students to qualify for free lunches, although we have plenty of students who do not know how to read.

I agree with Representative Quie that our students should not be denied Title 1 services just because their parents chose not to apply for free lunch. Also, legislators should consider that not all parents who qualify, apply. We still have many parents in rural, conservative, Warren County who insist on keeping their self-respect. I hope you will see fit to support HB 7571.

Sincerely,

Dr. C. R. Bulach
Local Superintendent

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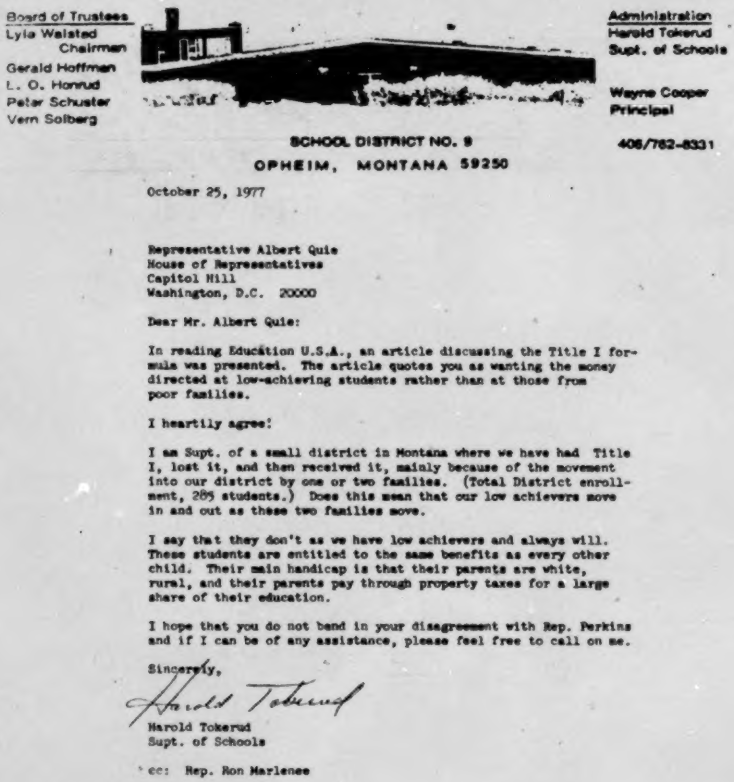

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SCHOOL DISTRICT NO. 9
OPHEIM, MONTANA 59250

406/762-8331

October 25, 1977

Representative Albert Quie
House of Representatives
Capitol Hill
Washington, D.C. 20000

Dear Mr. Albert Quie:

In reading Education U.S.A., an article discussing the Title I formula was presented. The article quotes you as wanting the money directed at low-achieving students rather than at those from poor families.

I heartily agree!

I am Supt. of a small district in Montana where we have had Title I, lost it, and then received it, mainly because of the movement into our district by one or two families. (Total District enrollment, 285 students.) Does this mean that our low achievers move in and out as these two families move.

I say that they don't as we have low achievers and always will. These students are entitled to the same benefits as every other child. Their main handicap is that their parents are white, rural, and their parents pay through property taxes for a large share of their education.

I hope that you do not bend in your disagreement with Rep. Perkins and if I can be of any assistance, please feel free to call on me.

Sincerely,

Harold Tokerud

Harold Tokerud
Supt. of Schools

cc: Rep. Ron Marlenee

Chairman **Perkins**. Let's hear now from Dr. Paul Hill, and then we will hear from Dr. Iris Rotberg.

Go ahead, Dr. Hill. Identify yourself for the record and proceed.

STATEMENTS OF PAUL HILL, DIRECTOR, COMPENSATORY EDUCATION STUDY, NATIONAL INSTITUTE OF EDUCATION, AND IRIS C. ROTBERG, ASSOCIATE DIRECTOR, COMPENSATORY EDUCATION STUDY, NIE, ACCOMPANIED BY JAMES HARVEY, NIE SENIOR ASSOCIATE; ANN M. MILNE, NIE SENIOR ASSOCIATE; AND MARGOT S. NYITRAY, NIE SENIOR ASSOCIATE

[The statement referred to follows:]

STATEMENTS OF

PAUL T. HILL
DIRECTOR, COMPENSATORY EDUCATION STUDY
NATIONAL INSTITUTE OF EDUCATION

AND

IRIS C. ROTBERG
ASSOCIATE DIRECTOR
COMPENSATORY EDUCATION STUDY

ACCOMPANIED BY

JAMES HARVEY
NIE SENIOR ASSOCIATE

ANN M. MILNE
NIE SENIOR ASSOCIATE

AND

MARGOT S. NYITRAY
NIE SENIOR ASSOCIATE

BEFORE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

NOVEMBER 1, 1977

STATEMENTS OF DR. PAUL T. HILL AND DR. IRIS C. ROTBERG BEFORE THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION COMMITTEE ON EDUCATION AND LABOR, UNITED STATES HOUSE OF REPRESENTATIVES ON NOVEMBER 1, 1977

Mr. Chairman, members of the subcommittee, I am Paul Hill, Chief of the Compensatory Education Division of the National Institute of Education, and I am pleased to have this opportunity to participate in the hearings on Title I of the Elementary and Secondary Education Act.

For the past three years, I have directed a major study of Title I which was requested by the members of this Committee in 1974. I am accompanied this morning by four colleagues who played major roles in the study: Iris Rotberg, the Associate Director of the Study; James Harvey, who assumed major responsibilities for, among other things, the planning and presentation of the analyses of the current Title I funds allocation formula; and Ann Milne and Margot Nyitray, who directed the studies on using achievement criteria to allocate Title I funds.

As the members of the Committee are aware, our approach to evaluation has been to try to understand how the Title I program operates in order to assess its accomplishments and to identify areas in need of improvement.

In doing so, we examined four areas in evaluating Title I as it now exists:

(1) Funds allocation -- do Title I funds actually go to the kinds of places which Congress intended?

(2) Services -- are special services that can be considered additional, or distinctive, or improved, actually provided to participating children?

(3) Student development -- does the program have any effect on the achievement of participating children?

(4) Administration -- do the Federal, State, and local units of government administer Title I in a reasonably consistent manner?

We also investigated two additional questions which were of great interest in the 93rd Congress: the effects of altering the definition of poverty used to allocate Title I funds, and the effects of using counts of low-achieving children, and not low-income children, to allocate funds both to school districts and within them.

Mr. Chairman, I know that today's hearing will focus on funds allocation. The first part of NIE's testimony in today's hearing will be delivered by Dr. Iris Rotberg, who will report our findings on the current system of allocating Title I funds. My testimony today, which will follow, concerns the use of achievement criteria to allocate funds.

STATEMENT OF DR. IRIS C. ROTBERG

Mr. Chairman, our analyses of the current Title I formula were for the most part based on data from Fiscal Year 1977, when Title I allocations to school districts in the United States under Part A totalled almost $1.7 billion. Under the legislation, any school district with 10 or more children eligible for counting under the formula was entitled to receive funds under part A.

We concentrated upon two major areas in examining funds allocation: (1) the distributional effects of the Title I formula, i.e., where the funds go; and (2) a comparison of Title I and other Federal and state education aid programs in terms of their effects on local school districts.

Before I discuss our findings in each of these two areas, I want to briefly describe what the current formula includes.

CURRENT FORMULA

In brief, the current Title I formula, under Part A, is a grant to local educational agencies which provides entitlements computed by multiplying the number of formula-eligible children by a cost factor which consists of 40% of the State average per-pupil expenditure. However, no State's cost factor is permitted to exceed 120%, nor fall below 80%, of the national average.

Because the appropriations for Title I fall short of the level of authorization, LEAs do not receive full entitlements of 40%; instead, in 1977, they received only about 16% of the state expenditure for each eligible child.

Several categories of children are eligible for counting in the funds allocation formula. They include:

- Children aged 5 to 17, inclusive, from families below the Orshansky poverty level as counted in the Census[1]
- Two-thirds of the children aged 5 to 17 from families, receiving payments, under Aid to Families with Dependent Children (AFDC), which total more than the current poverty level for a nonfarm family of four.

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[1] The Federal poverty definition, named for its developer Mollie Orshansky, sets poverty-level incomes by estimating the costs of adequate diets for different sizes and types of families, and the typical costs of other goods and services relative to food expenditures.

- Children aged 5 to 17, supported with public funds, who live in foster homes or in institutions for neglected or delinquent children and depend on LEAs for educational services.

I want to stress that the children counted as eligible under the formula are not necessarily the children who are served in the program. The formula-eligible children are included in order to direct funds to areas with concentrations of low-income children. School districts are then required to identify those school attendance areas and schools with the highest concentrations of low-income children within the district.

Once these schools have been identified, only "educationally-disadvantaged" children are eligible for Title I services.

That term is not defined in the legislation or the regulations, but it is generally taken to mean low-achieving children.

To reiterate, therefore, until Title I resources reach the school building, the focus is upon the income of children's families. Once the money reaches a particular school, the focus is upon student achievement. The intent of the legislation appears to be two-fold: to serve low-achieving children residing in areas with the greatest numbers of low-income children.

DISTRIBUTIONAL CONSEQUENCES OF FORMULA

Mr. Chairman, the actual allocation process involves three stages: (1) the Office of Education allocates funds to counties using the formula I have described above; (2) States, sometimes using different criteria, allocate county grants to school districts; and (3) school districts, using their own criteria, distribute Title I resources to schools. In examining the distributional consequences of the current formula, NIE focused upon the consequences at each of these three stages.

The picture of funds allocation is generally positive and appears to reflect the funding patterns which Congress intended. That should not, however, be interpreted to mean that we found no problems. Indeed, we found several.

County Allocations

At the county level, our principal findings included the following:

- The Title I formula clearly accomplishes the purpose intended by the framers of the statute. As the number of formula-eligible children in a county increases, the average Title I allocation to the county rises consistently.
- Approximately half of the Title I money is directed to the two kinds of places with the most formula-eligible children: large central cities and rural places outside metropolitan areas.
- Southern states, which contain the largest proportions of children counted as eligible under the formula, receive the largest proportion of Title I funds, followed by the Northeast, North-Central, and Western regions.
- Due to their very high concentrations of low-income children, Southern counties receive more money for each school-aged child than counties in other regions.
- The average amount for each formula-eligible child at the county level reflects the average expenditures of the States

in which the counties are located. Urban and Northeastern counties receive the most money for each formula-eligible child; rural and Southern counties, the least.

- The allocation per formula child is relatively low for counties that contain high proportions of eligible children. In fact, we found that counties with poverty rates in excess of 50% were receiving only $164 for each eligible child, while counties with poverty rates under 7.5% were receiving $215. This is because the Southern States, which have the lowest educational expenditures, also contain most of the districts that have heavy concentrations of low-income children.

Our report on funds allocation also included a number of analyses of the major elements of the current formula--for example, the effects of the cost factor and various categories of formula eligible children. I will not here go into all of those findings except to note that the inclusion of AFDC counts, as well as neglected, delinquent, and foster counts, generally seem to benefit more urbanized areas.

Moreover, the cost factor which weights each county's allocation according to its state's average per-pupil expenditure, benefits areas which are already spending large amounts of money on education at the expense of those spending less. Those are generally in Northern and urbanized states. However, the 80% and 120% limits on the cost factor mitigates this effect and, in fact, the lower limit of 80% benefit states with very low spending on education.

Subcounty Allocation

An analysis of district grants indicates that, in the aggregate, district allocations reveal patterns similar to those observed at the county level. A study of subcounty allocation examined the degree to which unusual subcounty formulas change the distribution of funds to some districts. The principal findings of the study are:

- Of the 46 States that must allocate county grants to districts, 24 attempt to replicate the statutory formula used to allocate funds to counties, 10 emphasize 1970 census data in their allocations, 5 rely solely on AFDC data, and 7 use unique formulas.
- Detailed analyses of data from 24 States indicate that States that ignore census data in subcounty allocation alter the allocation intended by the Federal formula considerably. As much as 16% of the Title I funds in some States would shift among districts if the Federal statutory formula were substituted for current state procedures.
- Imposition of the Federal formula on the subcounty allocation process in States emphasizing AFDC for subcounty allocation would probably help districts with poverty concentrations in excess of 20%; however, it would do so at the expense of central cities and districts with high concentrations of minority students.
- Other than more frequent censuses, there is probably no source of up-to-date information that could support perfectly consistent subcounty allocation procedures.

The subcounty problem is an example of an issue which crops up again and again in examining Title I funds allocation--the difficulty of implementing procedures which are uniform and stable among states and school districts and which, at the same time, use current data. This problem arises at the school level and child level as well. If schools were ranked each year, some schools eligible one year might not be eligible the following year. To meet this problem, Congress in 1974 adopted the three-year hold-over provisions. Similarly, students might be eligible one year and not the next if the achievement rates in a school changed dramatically.

District Allocation Procedures

Mr. Chairman, the final stage in the funds allocation process involves the decisions districts make with respect to selecting eligible schools and distributing Title I resources among them. District school selection and resource allocation procedures were examined using data obtained in the National Survey of Compensatory Education, which obtained detailed information on Title I services, students, and district allocation procedures in 100 school districts in 1975-76.

We found that there are strong pressures to increase the numbers of schools being served, and that the goal of concentrating on the lowest-income schools is not being met effectively. A number of procedures--some of them statutory and others embodied in regulations--have greatly increased Local Education Agencies' flexibility in identifying schools to receive Title I services. Though each of the sources of flexibility can be seen as desirable in itself, taken together they greatly reduce the concentration of Title I funds.

In general, with regard to within district allocation, we found the following:

- Census, AFDC, and school lunch information is most commonly used in determining school eligibility, although 10 different sources of information were cited by the districts.

- School districts usually employ more than one source of data in determining eligibility.
- Based on data collected in the survey, NIE calculated that between 45% and 48% of the schools in the districts surveyed would be eligible if census, AFDC, or free lunch counts alone were used to determine eligibility.
- The districts, however, reported that 68% of their schools are eligible.
- It appears that districts are counting a school eligible if it meets any of the criteria they use--for example, almost 15% of the schools eligible under a criterion such as free lunch counts are deemed ineligible under other criteria such as census data.

In theory, a second process is supposed to be involved in determining which schools in a district should receive services--from among those eligible, districts are supposed to "target" specific schools. However, in practice, targeting as a separate step seems to be almost nonexistent. We found that 94% of the eligible schools are targeted, with the result that 62% of all schools in Title I districts provide Title I services. (Our estimate may be slightly conservative. The Decima Corporation, which is conducting the Title I "participation" study mandated in P.L. 93-380, has recently estimated that 68% of the schools in Title I districts receive Title I services.)

Finally, there appears to be very little consistency in how districts determine the levels of funds and services to provide to each Title I school. Some districts base their decisions upon the number of low-income children in the targeted schools, but a great many others rely on a fundamentally different standard, i.e., the number of low-achieving children in each of the schools. Still other districts use very vague estimates of where the "need" is greatest.

ALTERNATIVE POVERTY DEFINITIONS

Mr. Chairman, before comparing the effects of Title I at the local level with other Federal and state aid programs, I do want to say just a word about alternative poverty definitions which we examined.

We examined technical modifications to the current Orshansky Index; major upward scalings in the amount of money particular families would be allowed to have and still be considered poor; and data from the Survey of Income and Education.

With regard to the technical modifications to the Orshansky Index, we found that the distributional consequences of such modifications were minimal.

However, the distributional consequences of upward scalings of the Orshansky Index are considerable. We reported comparisons of the current Orshansky formula with two other revised Orshansky formulas: the first was 125% above the current Orshansky level, the second was 150% of the current formula.

The effect of both scalings is in the same direction: as the Orshansky Index rises, suburban areas gain at the expense of both central cities and nonmetropolitan areas. The South loses funds and the Northeast and North Central regions gain.

I might add that the 125% Orshansky analysis serves to indicate what would happen if eligibility for free lunches under the National School Lunch Act were to become the definition of formula-eligible children in Title I.

In addition, we also analyzed, although we did not present the analysis in our report, the distributional consequences of a poverty definition that would be 200% of the current Orshansky Index.

That analysis, which can be made available to the Committee, could serve as a very good indicator if eligibility for reduced lunches under the National School Lunch Act were to become the definition of formula-eligible children in Title I. Eligibility for reduced lunches is defined as 195% of a standard similar to Orshansky, so the 200% analysis should serve as an excellent proxy.

We also examined what would happen if the data from the Survey of Income and Education (SIE) replaced the 1970 Census data currently incorporated into the formula. The SIE was a 1975 survey which provides poverty estimates at the state level and was requested by Congress in the 1974 Education Amendments.

In general, we found that use of the SIE data would shift funds from the South to the Northeast, East North Central, and Pacific regions. A few rapidly growing states in other regions would also gain, principally Florida and Arizona.

I must, however, point out that the SIE estimates are off by as much as 20% at the state level, and that using them would require Congress to specify what other data or procedures states should use in order to determine how much each school district within the state should receive.

COMPARISON WITH OTHER EDUCATIONAL PROGRAMS

Mr. Chairman, NIE also studied Title I to see how it compared with other Federal and state programs in terms of the degree to which it provides more money to low-income than to high-income areas, equalizes educational expenditures among areas, and adds to total educational spending. In general, it appears:

- Title I has a greater redistributive effect, than either state aid programs on average or other Federal aid examined as a whole. In fact, Title I aid per pupil in the lowest income school districts is five-and-one-half times as great as aid per pupil to the highest income districts.
- Title I has only a limited effect on equalization, mainly because the state cost factor provisions direct funds to areas already providing large amounts of money for education. However, within states, Title I is considerably more equalizing than other sources of Federal aid.
- Approximately two-thirds of every Title I dollar is spent on additional educational programs at the local level--a figure that far exceeds other Federal as well as state programs.

In summary, with regard to funds allocation, Mr. Chairman, the allocation system appears in general to work as would be expected to the county and even to the school district level.

Within some individual states, subcounty allocation procedures alter the distribution of funds intended by the Federal formula. That could be corrected, but doing so would require states to use less up-to-date information than they now use.

The within district allocation procedures are especially loose. Local Education Agencies are using the flexibility now provided by the statute and regulations to deliver services in schools which have relatively low concentrations of low-income children.

Finally, if redistribution of educational assistance, and increasing spending on education at the local level, are major goals of the Federal Government, then the Title I formula and the spending requirements embodied in the legislation could certainly serve as models for other Federal and state education aid programs.

Mr. Chairman, I appreciate the opportunity to present our principal findings in this area and will be pleased to answer any questions about this statement or the report on the current system of allocating Title I funds.

STATEMENT OF DR. PAUL T. HILL

Mr. Chairman, my colleague, Iris Rotberg, has just presented testimony of NIE's research on the current system of allocation of Title I funds. My testimony today concerns a possible alternative system of Title I funds allocation that was considered in Congress in 1974.

As the Committee knows, in 1974 there was considerable interest in H.R. 5163, which proposed that Title I funds be allocated to states, school districts, and schools on the basis of measures of student achievement, rather than poverty. The change proposed by H.R. 5163 raised some important issues about the basic objectives of the Title I program.

To advocates of achievement-based funding, the appropriate way to distribute Federal compensatory education funds is on the basis of children's educational performance. Since the ultimate aim of compensatory education is to increase children's achievement, they argue that the best formula for distributing funds must be one which targets money directly to the children whose academic performance is low. Supporters of achievement-based funding regard poverty measures as poor proxies for low achievement.

They favor using numbers of low-achieving children to distribute Title I funds, instead of numbers of children in poverty.

Those who favor the continued use of a poverty criterion do not see poverty measures solely as proxies for a measure of low achievement, nor do they believe that using poverty as the Title I eligibility criterion must be justified in terms of its ability to identify the States, districts, or schools which contain the most low-achieving pupils. Some advocates of a poverty-based allocation formula believe that the major role of a compensatory education program is to channel additional resources into areas where there are poor children. Others believe that the purpose of compensatory education programs is to help low-achievers, but they argue that the low-achieving pupils in poor areas must be given priority.

The choice between achievement and poverty as the Title I eligibility criterion entails a fundamental decision about the objectives of the program--one only Congress has the authority to make.

The purpose of our research was to explore the costs, feasibility, and consequences of allocating Title I funds based upon achievement criteria. Our data cannot show whether poverty or achievement is the better criterion for allocating Title I funds; that decision depends entirely on the objectives which Congress wishes the program to promote.

Our research distinguished three steps in the Title I funds allocation process. We looked separately at the implications of using achievement measures for allocating funds to States, within States to school districts, and within districts to eligible schools and students. We conducted two separate studies of achievement-based funding. The first examined the implications of using achievement test scores to allocate Title I funds to States and school districts. The second study investigated the effects of a change in Title I to permit school districts to rely solely on achievement-based procedures in identifying eligible schools and students.

FUNDS ALLOCATION TO STATES AND SCHOOL DISTRICTS

I want first to discuss the results of the study which looked at the possibility of using achievement test data to allocate funds to states and districts. We assessed the costs and feasibility of several alternative methods for obtaining achievement test data which could be used in calculating the numbers of children in each State and district who would be eligible for Title I. We also tried to estimate the funding patterns that would result from an achievement-based allocation system.

Feasibility

Our assessment of feasibility led to the conclusion that it is not now possible to allocate funds to States based on achievement test scores. However, a new national testing program could be implemented which could produce the data for interstate allocations in three years.

To estimate costs, we assumed that testing would be restricted to the area of reading and that 9-year olds would be chosen as the test population. Based on these assumptions, we estimate that a national testing system to produce State-level estimates of low-achievers would cost approximately $7.2 million over a three-year period. Our cost analyses also indicate that testing a younger age group, as proposed in H.R. 7571, would increase these costs by approximately 10%, while testing in additional subject areas might increase the costs by as much as 50% for each additional subject tested.

Such a system would provide the achievement data necessary to allocate funds among States. We also explored the question of obtaining the test data necessary to allocate funds to school districts within States. One possible source of such data is State-run testing programs. Forty-two States and the District of Columbia currently have testing programs. Twenty-two of the testing programs assess elementary reading achievement in every school district in the State, and are therefore potentially suitable for allocating Title I funds based on reading achievement. The other twenty States would have to expand the scope of their testing programs to obtain the necessary data to allocate funds to their school districts. Eight states would need to establish an entirely new testing program. New investments by all of these States would be required to participate fully in an achievement-based funding program.

An alternative, not proposed in H.R. 7571, would be to expand a national testing program to produce data for intrastate funds allocations. We estimate that an expanded national testing system to obtain achievement data for funds allocation directly to each school district in the country would cost a minimum of $53 million over a three-year period.

Our research on the feasibility of achievement-based funding also considered the problem of negative incentives. It investigated the possibility that an achievement-based funding system might encourage States and school districts to depress students' test scores in order to increase their Title I funding. Our conclusion is that such negative incentives can be avoided, through simple administrative arrangements that would prevent States or districts from manipulating students' test scores. I must note, however, that the twenty-two State testing programs which might now be used for allocation to districts have few such safeguards. Building the necessary administrative arrangements would increase the costs of these State programs. In addition, Federal regulations and guidelines in a number of areas would have to be established. Monitoring these regulations would require additional Federal administrative effort and costs.

Consequences

Our analysis indicates that a change to an achievement-based allocation system would have little effect on the amounts of money received by each of the four major census regions. However, many States would experience changes in their funding. We estimate that twenty-three States would experience changes of more than 15% in their share of funds.

With respect to individual school districts, the data indicate that certain kinds of school districts, such as districts with large numbers of minority students, would probably gain under an achievement-based allocation system. On average, metropolitan and suburban districts would not experience large changes in funding, while nonmetropolitan areas would probably lose funds. (Another study done for NIE by the Stanford Research Institute, used different achievement data but produced results which are consistent with these general findings.)[1]

However, our studies of the funding patterns within several individual States do indicate that the national trends do not predict accurately what would happen for individual districts. For example, large city districts gain funding in some States and they lose funds in others. Similarly, if achievement criteria were used, districts with high proportions of black or Spanish-surnamed children would gain funds in some States and would lose or show no change in others. The results for districts with high proportions of white children also differ among States.

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[1] An earlier, less extensive study done in 1974, produced rather different findings which indicated that large cities would lose significantly under an achievement-based funding system. That conclusion was probably not accurate as a national estimate of the funding patterns that would occur if achievement criteria were used.

This variation occurs for two reasons. First, there are real differences in the patterns of change that would occur in different States. As our report shows, funding consequences for similar types of districts vary from State to State, even within the same regions. Second, the achievement data needed to make more precise estimates are not available. A system to obtain such data could be implemented within three years, but until the necessary data are obtained, no more precise assessment of how achievement-based funding would affect particular places is possible.

In summary, we concluded that an achievement-based system for Title I allocations to States and school districts is feasible within a short period of time, but that precise consequences for individual districts are difficult to predict.

FUNDS ALLOCATION WITHIN SCHOOL DISTRICTS

The third level of funds allocation concerns the distribution of Title I funds within school districts to eligible schools and students. We conducted a separate study of the feasibility and consequences of achievement-based procedures for the within district distribution of Title I funds.

Our research on the effects of using achievement-based funding within school districts is based on the experience of 13 districts which are conducting special demonstration projects. Special provisions of the Congressional mandate for NIE's study permitted NIE to establish "working

TABLE I

THIRTEEN DEMONSTRATION DISTRICTS

Adams County #12, Colorado
Alum Rock, California
Berkeley County, West Virginia
Boston, Massachusetts
Charlotte, North Carolina
Harrison County, West Virginia
Houston, Texas
Mesa, Arizona
Newport, Rhode Island
Racine, Wisconsin
Santa Fe, New Mexico
Winston-Salem, North Carolina
Yonkers, New York

models" of alternatives in the Title I funds allocation process that Congress considered during deliberations on the Education Amendments of 1974. In contrast to allocation to States and districts, it is clearly feasible now for most school districts to use achievement measures in allocating Title I funds among their schools.

The 13 demonstration districts gave several reasons for their interest in participating in the study. In order of frequency, they are:

- Desire to serve both schools and students on the basis of educational disadvanatage
- Desire to continue to serve students who are no longer eligible for services because of desegregation
- Desire to eliminate the "stigma" of Title I as a special poverty or minority program
- Desire to eliminate the distributional inequities caused by the lack of reliability and/or validity of available poverty indices
- A general preference for achievement measures over poverty as funds allocation criteria
- Desire to make programmatic changes that increase the efficiency of service delivery

In the 1975-76 school year, the demonstration districts used the regular Title I procedures to allocate funds among their schools, and in 1976-77 they used new procedures, including some that relied wholly on achievement results. After the districts adopted the new funds allocation procedures, they also served substantially more schools and students under Title I. Our research compared their Title I programs across the two years. Data from a third year will be available for our final report in September, 1978.

The objectives of the research were (1) to determine the effects of changes in funds allocation on the characteristics of students served by Title I, and (2) to determine how the intensity and quality of services received by those students were affected.

Characteristics of Students Served:-- The demonstration resulted in small changes in the relative proportions of low-achieving and poor students in the Title I population. The change to achievement criteria, combined with more restrictive student eligibility criteria in many districts, enabled districts to select low-achieving children more directly than they had under standard procedures, and those children accounted for a higher proportion of the Title I population in the 2d year of the demonstration. In contrast, the proportion of poor children in the Title I population was lower. On average, there was no change in the proportion of minoirty students in the Title I population in those districts which implemented achievement-based funding.

Because most of the districts increased the total number of students they served under Title I in the 2d year, the absolute numbers of poor and minority children served increased. Thus, districts served more poor and minority children, as well as more low-achieving children, as a result of the demonstration. The increase in numbers of children served was most dramatic for the low-achieving group, but substantial for all groups.

Intensity and Quality of Services: In order to serve additional children, the demonstration districts reduced the intensity of services the provided to each child. Children in these districts spent less time in compensatory instruction in the 2d year than in the first. However, districts did not make fundamental changes in their compensatory instructional strategies. The nature of Title I services--the size of the instructional group and the qualifications of the teaching staff--did not change as a result of the demonstration.

Although the increase in students served resulted in some loss of instructional time for each student, the time lost was relatively small compared to the number of additional students receiving Title I services. This was because many districts assigned additional staff in order to avoid large reductions in their programs. Since the size of the basic Title I grant did not change as a result of the demonstration, the staff were paid by Title I carryover funds and also by other Federal, State and local sources. The additional staff did not fully compensate for the student increase, and the ratio of staff to students was lower as a result of the demonstration.

Based on the research findings, it is clear that each district had a model of the "appropriate" structure of a compensatory program and resisted downgrading this model by, for example, substantially increasing group size or hiring less expensive staff. Thus, districts used funds from sources other than the basic Title I grant in order to maintain the quality of their program. It is likely that these additional funds would not be available over an extended period of time. Therefore, if districts continued to serve increased numbers of Title I students for several years, the reduction in intensity of services would probably be greater than that observed in the demonstration districts.

In summary, we concluded that it is feasible now for most districts to use achievement criteria to allocate Title I funds among their schools. The change to achievement criteria in the demonstration districts resulted in a small increase in the proportion of low-achieving children in the Title I population, and a small decrease in the proportion of poor students. Because the districts served more schools and students as a result of the demonstration, there was also a small reduction in the intensity of services for each child.

We appreciate the Committee's courtesy in providing this time to present our findings and will be pleased to answer any questions about this statement or the reports which were submitted to the Committee members.

Dr. **HILL**. Mr. Chairman, I am Paul Hill. I have been Director of the NIE Compensatory Education Study for the last three years. In the last few weeks we have been testifying on various parts of our study. Today we will testify on three reports we submitted on September 30, 1977.

One report discusses the current method and system of allocating Title I funds, and describes its effects and its problems. (See Appendix 3.) Testimony on that will be discussed by Iris Rotberg.

Two other reports discuss a proposal to change the Title I eligibility criterion from poverty to achievement. I will deliver the testimony on those. (See Appendices 4 and 5.)

I am accompanied today by several members of my staff. First, Dr. Rotberg, to my right. To my far right is Dr. Margot Nyitray, the author of the report on the use of achievement scores to allocate Title I funds.

Next to her is Dr. Ann Milne, who wrote the report on the demonstration projects. To my left is Mr. Jim Harvey, who took primary responsibility for writing the report on the funds allocation current system.

I have also asked Dr. William Schmidt of Michigan State University to be available to answer questions. He helped us a great deal on the report on student achievement scores as Title I funds allocators.

Without further introduction, I would like to have Dr. Rotberg discuss the current system.

Dr. **ROTBERG**. Thank you.

As you know, we have submitted detailed testimony for the record. Today I would like to highlight some of the effects of the current funds allocation process and some of its problems.

As the chart shows, the Office of Education uses one national formula to allocate funds to counties. States use their own formulas to allocate funds to districts within counties. This process is called subcounty allocation.

Districts in turn use various measures of poverty to allocate funds to schools. I will discuss each of these steps in turn.

First, our research on allocation to counties shows that Title I is effective in directing funds to the lowest income counties. About half the Title I money goes to large central cities, and to rural places outside metropolitan areas.

In general, the lowest income counties receive the most money in proportion to their population. However, these counties receive less money for each poor child than do richer counties.

As you know, this is because of the cost factor in the formula which provides a rough index of a State's cost of education.

The poorest areas tend to be in States which spend the least on education, and therefore, they receive less money for each poor child. Despite this fact, Title I is more effective than other Federal and State aid in directing funds to the lowest income areas.

Within States, Title I is also equalizing; that is, it provides funds to districts with the lowest educational expenditures. As a result, in some districts Title I accounts for a substantial proportion of educational spending.

In some of the poorest districts, Title I may account for as much as one-sixth of total educational expenditures, while for the country as a whole Title I accounts for less than 5 percent of total educational spending.

Of course, Title I could provide more money to low income areas, and still not substantially increase total educational expenditures in these areas. The funds could be used instead for purposes other than education or for tax relief.

In fact, approximately two-thirds of every Title I dollar is actually used for additional education spending. This figure far exceeds the amount that other Federal and State programs add to educational expenditures.

We believe that such a large proportion of Title I funds are spent for education because of Title I's categorical requirements.

Of course, we don't know the extent to which all of the additional educational expenditures are used for Title I children, but we do know, as we reported in previous testimony, that a large porportion of the money is used for Title I children and that many of these children receive distinctive services.

When compared to non-Title I children, they receive more time in basic skills instruction in many districts, they are more likely to receive this instruction in small groups than are non-Title I children, and they are more likely to receive the instruction from specially trained staff.

Again, we believe that this is [illegible]ct result of the funds allocation requirements which specify the particular schools and children who are to be served by the program.

To the county level, therefore, we find that the Title I formula is working as expected and that Title I funds are being used to increase educational spending.

The second step in the funds allocation process is the distribution of money to school districts. The Federal formula applies only to the county level. States have the responsibility for allocating funds to school districts using counts of low-income children.

Despite the fact that the poverty measures used are not always the same as those used in the federal formula, the national distribution of funds to districts is very similar to the distribution to counties.

Within some individual States, however, there are differences. For example, some States ignore census counts and use only AFDC counts, which are more up to date. As a result, in these States more money goes to urban districts and to districts with high proportions of minority children.

The subcounty allocation problem is an example of a recurring issue in Title I—the difficulty of implementing procedures which are uniform among States and school districts, and which at the same time uses current data.

States that use census data for subcounty allocation produce funding patterns which are consistent with the Federal formula but which are based on out-of-date information.

However, States that rely on AFDC counts, which are more current, produce funding patterns which are quite different from those that would result if the Federal formula were applied.

This type of problem also arises at the school and child level. Here the issue is one of the currency of the data versus the stability of the program for particular schools and students.

For example, if schools were ranked each year, some schools eligible one year might not be eligible the following year. This makes it difficult to conduct stable programs, and for this reason the three-year holdover option was adopted which permits schools to retain funds for three years, even if their poverty rank changes.

This is similar to the situation in which schools must choose between retaining children in programs when they begin to make achievement gains or replacing them with even lower achieving children who have not yet received services.

Here again, there is a choice between using the most recent data or providing stable programs to individual children over time.

The third step in the allocation process is the distribution of resources to schools within districts. The within district allocation procedures are particularly loose.

There are strong pressures within districts to increase the numbers of schools served. As a result, many local educational agencies use the flexibility now provided by the regulations to deliver services in schools which have relatively low concentrations of low-income children.

The chart describes the steps in allocating Title I resources to schools within districts: (1) selecting eligible schools, (2) selecting target schools, (3) performing needs assessment within target schools, and (4) allocating resources to schools.

Schools are eligible to receive Title I services if the number or proportion of low-income children is equal to or greater than the district average. In fact, over two-thirds of the schools in Title I districts are considered eligible for services.

There are two reasons that districts can select so many eligible schools.

First, they have a great deal of discretion both in terms of the number of poverty measures that they can use and in the type of measure they use.

So, school districts can use a combination of measures if they wish, so long as they are consistent within the district in applying these measures across their schools. This in itself provides a great deal of flexibility.

But, in addition, we believe that some districts are using different measures to select different schools and therefore have even greater flexibility to increase the number of school served.

The second reason that districts can select so many eligible schools is that there are other provisions in the legislation, such as the three-year holdover option and the no wide variance option, all of which are included for good reasons but in combination further increase school districts' flexibility.

The second step of within district allocation is targeting, the process by which districts select the eligible schools that will actually receive services. In fact, this is a theoretical step which is almost nonexistent in practice. Most eligible schools receive Title I services.

The third step of within district allocations needs assessment to identify educational disadvantaged children within target schools. In addition to using achievement tests, teacher judgment is used and in some cases even family income is used as a criterion to select children to receive Title I services.

The final step in the within district process is the allocation of resources among eligible schools. This is the step which determines the proportion of resources that each eligible school will receive.

Almost half the districts now use low achievement to allocate their resources among schools. Others use low income. Still others use vague criteria, such as "greatest need."

One of the districts in our sample made the determination of how much resources each school should get based on negotiations between principals and teachers. In another district, one school received services because there was an unused classroom in that school which seemed appropriate for a pull-out program.

So, as you can see, there are a number of ways in which school districts make the determination both about which schools should be served and about how much service each school should receive.

In summary, therefore, there is no guarantee that schools with the highest concentrations of either low-income or low-achieving children will receive the greatest amount of Title I resources or that funds will be allocated in a consistent fashion.

Finally, we looked at the effects of certain alternative poverty definitions on the distribution of funds to counties. I will report on only one of these today; that is, the effect of raising the poverty definition.

We studied three upward revisions of the definition: 125 percent, 150 percent and 200 percent of the Orshansky index. I might add that these analyses also show what would happen if eligibility for free or reduced lunches under the National School Lunch Act were to become the definition of eligible children under Title I.

This was information requested by Mr. Quie at last week's hearings. The criterion for free lunch is 125 percent of a standard similar to the Orshansky definition.

The criterion for reduced lunch is 195 percent of a standard similar to the Orshansky poverty definition. Therefore, our analysis which used 200 percent of poverty is very close to the reduced lunch standard.

In general, we found that under each of these upward revisions of the poverty definition, the South would lose funds; funds would shift primarily to the northeast and the north central regions. Large cities and rural areas in the south would also lose funds.

In summary, Mr. Chairman, the current funds allocation process is effective in directing funds to the lowest income counties and school districts, although there is a lack of uniformity in some States in distributing funds to districts.

The most serious problem occurs within school districts, where resources are often spread to a large number of schools and where the standards used by these districts may be inconsistent.

Thank you very much.

Chairman Perkins. Do you have anything further, Dr. Hill, before we ask some questions?

Dr. Hill. Mr. Chairman, we have some testimony about the other reports on achievement. Questions about this particular testimony are fine anytime.

Chairman Perkins. All right.

I will ask Dr. Rotberg—did I understand you correctly to say that your studies have found Title I to be an outstanding success, both in terms of distributing Federal aid to the school districts most in need, and in terms of increasing spending for education at the local level?

Dr. Rotberg. The program has been a success in distributing the largest proportion of Title I funds to those school districts with the greatest number of low-income children.

As I pointed out, however, the lowest income school districts do receive less money per poor child than do higher income districts. This is accounted for by the cost factor in the formula, which provides a rough estimate of cost of living differences.

Title I is also very effective in increasing the total amount of money spent on education in these districts.

Mr. Ford. Would the gentleman yield for a question.

When you use the term "the lowest income district,' you are really saying a district with a concentration of low-income people according to the 1970 census.

Dr. Rotberg. That is right.

Mr. Ford. You did not take into account such things as the tax base for local support of the schools or the proportionate support by the States which can vary very greatly.

Dr. Rotberg. In my statement I was referring to the definition of poverty used in the current formula which includes census, AFDC and other counts.

Mr. Ford. You didn't mean to say that Title I distributes the money to the poorest school districts. It distributes money to school districts with people who are statistically poor or were in 1970.

Dr. Rotberg. Yes, the definition I used was based on counts of low income children. However, we also conducted analyses to determine the extent to which Title I funds go to areas with the lowest educational expenditures. We found that Title I is not equalizing among States because of the cost factor in the formula; that is, it does not give more money to States with lower educational expenditures.

However, within States, to counties and school districts, Title I is equalizing; that is, within a given State, more Title I money tends to go to those countries and districts that have lower State and local educational expenditures.

Chairman PERKINS. Now, let me ask you another question.

Some people have tried to say that the present Title I formula helps the Southern States more than the Northern States. But isn't it true that the Northern States receive on the average about $234 for a formula child, while the southern States receive only about $169 per formula child, about a third less per child.

Isn't it likewise true that the higher the percentage of poor children in a county, the lower the payment made per child? Counties with 7 percent poor children received $215 per child on the average, while counties with 50 percent or more poor children receive only $164 per child, and that this is true because the welfare States which have lower percentages of poverty are given higher payments under Title I than the poorer States?

So, don't these facts show that the present formula is certainly not biased in favor of the South, but rather if anything it is biased in favor of the northeast. Am I correct in that analysis?

If so, go ahead and answer it. If not, answer to the contrary.

Dr. ROTBERG. I will only say that whether or not the formula is biased depends on the definition that you use. If you consider the amount per eligible child, then the northeast receives the most per eligible child, and the south receives the least per eligible child.

If, however, you consider the amount per school age child—that is, the amount of Title I funds in proportion to the total population of the district—then the South receives the most, the northeast receives the next largest amount, then the West, and then the north central States.

Mr. QUIE. You see, we are in worse shape.

Dr. ROTBERG. So, depending on your criterion, you can draw different conclusions about whether the formula is biased.

Mr. FORD. Did you look at what happens if you take out the Gibbons-Perkins amendment, which allows a State to receive its money on the basis of one-half of its cost, or one-half of the national average, whichever is higher?

You addressed it a little differently by talking about the 80 percent, 120 percent. But the way in which a State ends up using a figure that is not its own, is based on the provision that permits them to elect to receive their money on the basis of the national average per pupil expenditure instead of the State.

What did you find out about the comparison between the percentage of support for a child in a school in southeastern States and the percentage of support for a child in a school in the northeastern States using the Title I funds?

Dr. ROTBERG. Yes. If you used the national average, then the south would gain and the northeast would lose funds.

Let me ask Mr. Harvey if he would like to elaborate on this issue.

Mr. QUIE. Before we do, we should recognize that is not part of the law anymore.

Mr. FORD. 120-80 preserved the 1974 figures, which were based on that kind of computation.

Mr. HARVEY. The 1974 Education Amendments changed the cost factor provisions from 50 percent of the State average or 50 percent of the national average, whichever was greater, to 40 percent of the State average—not to fall below 80 percent or exceed 120 percent of the national average. The 40 percent cost factor is what we analyzed in our report.

In the report, we presented findings on what would happen if the limits of 80 and 120 percent were removed from the current cost factor. In general, as you would expect, States that are now spending small amounts of money on education would be hurt by the removal of the limits since their 80 percent floor would drop. Those states that are now held at the 120 percent ceiling would gain somewhat.

So in general, we thought that the South would be hurt, and States in the northeastern area would be benefitted by the removal of the limits.

We also looked at what would happen if we replaced the current cost factor with a uniform cost factor. In general, a uniform cost factor would help Southern States, since it would raise them up higher, and it might somewhat reduce the funds going to northeastern urban States.

Chairman **PERKINS**. Let me ask you another question.

Now, you say on page 12 of your statement, Dr. Rotberg, that the present regulations for distributing funds among schools within school districts are especially loose, with the result that Title I services are now being provided to schools with relatively low concentrations of low-income children.

Could you please give us your suggestions for tightening up these regulations in order to concentrate on the schools most in need or do you believe that there is no need to concentrate narrowly on such schools?

Dr. **ROTBERG**. I think that the need to concentrate narrowly on some schools differs in different districts.

In some districts, the low-income and low-achieving children are fairly well distributed across schools in the district. There are provisions in the current legislation which attempt to accommodate that kind of distribution.

For example, the no wide variance provision is an attempt to accommodate those districts where the distribution of low-income children is fairly uniform across schools. However, it may not completely do so.

There are other districts, for example large cities, which still have large concentrations of both poor and low-achieving children in certain of their schools. If the goal of the Title I legislation is to reach the schools with the highest concentrations of poor children, I think it would be useful to tighten up the regulations, particularly for districts where the distribution of children is not evenly divided among schools.

Mr. **FORD**. Do you agree with that?

Mr. **QUIE**. No.

Mr. **FORD**. Where did you get the degree of certainty that you state that—you do it on page 8 of your statement—"We found that there are strong pressures to increase the numbers of schools being served and that the goal of concentrating on the lowest income schools is not being met effectively."

In fact, we had a rigid goal concentrating on the low-income schools, we would be denying the validity of any integration plan which is supposed to distribute the socioeconomic mix of the students on an equal basis within a school district. That is, what the Federal courts have been trying to do.

Wouldn't it be somewhat inconsistent to now construe our goal to be that you would have to presume a form of discrimination in the assignment of pupils?

Dr. ROTBERG. Your point on the integration plan is very important, and that is why I tried to differentiate between two types of school districts in my previous response.

There are a number of desegregated school districts now throughout the country, including, for example, many of our demonstration districts.

In many of these districts, the poor and low-achieving children are fairly well distributed throughout the school system. As I mentioned, there is now a provision in the current regulations to take care of that kind of situation, so that if the distribution is very even, all schools in the district are eligible for services.

Certainly, that regulation could be changed to include more districts. In many districts, it is not reasonable to think of concentrations of either poor or low achieving children in certain schools.

However, there still are many school districts with large proportions of both low-achieving and low-income children in only some of the schools in the district. If the goal of the legislation is to serve schools with high concentrations of low-income children, it may be necessary to tighten up the regulations for the districts.

Mr. FORD. But where do you find language in the legislation to support such flexibility within a school district? Or is it in the regulation?

Dr. ROTBERG. That is right.

Mr. FORD. They could not permit any flexibility prohibited by the statute. Where do you find in the statute the base for your assumption that within a school district there is a kind of magic point at which you are concentrating, and having passed that point you are no longer concentrating in the lowest income schools?

You suggest elsewhere that goal is not met because 68 percent of the schools in an 'average school district' in your sampling would be receiving Title I services. Why is 68 not an adequate concentration to meet the statutory goal?

Dr. ROTBERG. The regulations are consistent with the statute. We believe that the 68 percent figure is high because of results of analyses we conducted to determine the proportion of schools which would be eligible if one measure of poverty were used to select schools.

We found that if one measure of poverty were used to select schools, on an average fewer than half the schools would be eligible to receive Title I services.

Now, districts can legally combine measures of poverty, so long as they do it consistently. However, when we asked districts how they combined these poverty measures, many said that they did not use a standard formula for combining measures.

Therefore, we have reason to believe that some districts are using different measures of poverty to select different schools, thereby increasing the number of schools which are eligible for services.

Mr. **Ford**. You mentioned that someplace you found that there is a difference if you use the census data to find out where poor children are, than if you used the school lunch statistics.

Dr. **Rotberg**. That is correct.

Mr. **Ford**. A school lunch statistic means a real child actually in being, and in place, a particular place. The census means a real child who was a census statistic in 970.

Dr. **Rotberg**. That is right.

Mr. **Ford**. And whose income was an income statistic in 1969. What conclusion did you draw from that variation which develops when you use the school lunch, and it doesn't come out the same as the census?

What does that tell you? You didn't draw conclusions in this regard. You made the observation in your statement, but drew no conclusion out of that observation.

I wonder what the significance of the observation was from your perspective on the basis of your paper.

Dr. **Rotberg**. All measurement has some error.

Mr. **Ford**. What does it tell you, or tell us?

Dr. **Rotberg**. It tells us that by attempting to compensate for this error by using several different measures, school districts can increase the number of schools that they serve.

Mr. **Ford**. Doesn't it also tell us that census data may no longer be relevant in that particular school district in determining where the poor kids are?

Dr. **Rotberg**. Certainly the census data are considerably more out of date. The school lunch data have other problems because there may be some differences among schools in the proportion of children who actually apply for free lunch.

I think the reason that school districts sometimes prefer to use both types of data is that they feel that the census data, though not current, are at least more uniform across the school district.

On the other hand, the school lunch data are more up to date, but may not be completely consistent across schools. This is the school districts' rationale, and I am sure the rationale also of the Office of Education, in permitting school districts to use several measures of poverty.

Mr. **Harvey**. Mr. Ford, if I could add a comment. We looked at not only census and free lunch data, but also at AFDC data. We found, in our national sample, that under any one of those three measures about 45 percent of the schools would be eligible.

We also found that between 6 and almost 15 percent of the schools that might be eligible under any one of those measures, would not be eligible under one of the other two.

So, it wasn't simply a distinction between census and free lunch. There were three data bases that we looked at. The conclusion we reached was that school districts were determining eligibility based on several measures, and not one alone.

Did your study make a comparison, when you talk about using three different ways to compute within a school distict—of how the resources would distribute themselves, that indicated that there was a correlation, close correlation, or little correlation?

Dr. **Rotberg**. There is a close correlation between AFDC and free lunch counts.

Mr. **Ford**. If they are both relatively up to date. Free lunch is annual. The AFDC is probably no more than two years old.

Dr. **Rotberg**. There is a high correlation between the two. There is also a correlation between AFDC and census and between free lunch and census, but these correlation are lower.

I also should mention that school districts are using several other poverty statistics. We have stressed census, free lunch and AFDC. However, districts also use health, employment and housing statistics, school surveys, and other criteria.

Mr. **Ford**. And Los Angeles has the system where they take the census data, and then take the census tract and figure out what the assessed valuation in that census tract is, and determine the theoretical amount behind the child. Where they got it, we don't know, but we have had it described to us.

There is nothing in the regulation that keeps them from doing anything they want, as long as the objective is to identify 'poor children.'

Dr. **Rotberg**. That is right.

Mr. **Quie**. Would you yield. In determining the correlation between the various means of finding out poor children, do you look at total numbers, or do you look at the individual children?

Dr. **Nyitray**. In that particular research, we correlated the numbers of poor children in a school as defined by AFDC counts, free lunch, or census tracts. So, the relationship was between these three poverty counts at the school level rather than for individual childen.

You could have the same number of AFDC children and free lunch recipients in a school, but the actual individual children might be different.

Mr. **Quie**. That is why I think the comparison is fallacious, because I was wondering how you find those individuals counted in the census.

Dr. **Nyitray**. You don't.

Mr. **Quie**. You don't at all. That being the case, I figure probably you didn't on AFDC or school lunch either. So, you are only talking about total numbers.

Mr. **Ford**. How did you make a comparison, for example, of census data in a city like Detroit? That city has a massive transportation system operating, in which substantial numbers of poor children are not attending school, not even within proximity to the place that the census said they were.

Dr. **Nyitray**. The comparisons used our national survey data, which was a sample of 100 school districts.

Mr. **Ford**. Did you make any distinction in that sample between the school districts, like Charlotte-Mecklenberg, Detroit, and others that have a reassignment system that dislocates the census data?

Did you make any distinction between those types of districts, and those for whatever reason that are still using the old system.

Dr. **Nyitray**. For the purposes of the analysis we were reporting on, we looked not at what the district was currently using, but at what would happen if each of the three measures, were used uniformly. That is, if in fact all districts were told to use census, regardless of what they happened to be using currently, which schools would be eligible for Title I and how many throughout the country would be eligible for Title I. Also, we looked at which schools, would be eligible if all districts used AFDC and then ranked their schools by the number of poor children, according to an AFDC definition.

So, it was a hypothetical comparison to see what would happen, and how many schools would be eligible using any single measure. In fact, as we reported, some districts are using census data, but others, perhaps as you mentioned, Detroit, for a variety of reasons do not use the census data. In fact, many of the largest districts in our sample did indicate that they no longer used census data because they felt as time went on it got more out of date.

So, they gradually switched to using either the AFDC or free lunch counts, or in some places developed their own surveys to actually select their eligible schools.

The other comparison indicated the differences in the schools determined to be eligible if a uniform system was applied throughout the country and every district were to use census data or to use AFDC counts.

Mr. **Ford**. Did some of them use achievement levels to determine their target schools?

Dr. **Nyitray**. Not as far as we could tell for the eligibility selection. On the other hand, once they have said, say, that 10 of their 15 schools are eligible, up to half of the districts were using some assessment of educational need within the eligible schools to decide how much money, how much of the Title I money each of those schools would receive.

So that within the district then the dollars would not be distributed to the eligible poor schools on the basis of their numbers of poor children, but rather their numbers of low achieving children that is, the ones for whom the services were actually intended within those poor schools.

Mr. **Kildee**. Mr. Quie?

Mr. **Quie**. In the first question that Mr. Perkins asked, talking about distributing the funds based on need, when you look at the whole question of need, did you come to any conclusion of what need is, or do you only look at the formula that we use, and see whether the distribution will fit the formula or not that we used in the act?

Dr. **Rotberg**. All of the results which I reported in my testimony were based on the effects of the current formula, or on using alternative poverty definitions which also are consistent with the basic concept of a formula.

As you know, other work that we did looked at the effects of alternatives with different goals, particularly achievement criteria.

Mr. **Quie**. Now, when the funds get to the school building, then need is no longer considered as low income, but rather educational achievement.

Dr. **Rotberg**. That is correct.

Mr. **Quie**. That is in the legislation as well. Did you then make a comparison between the various schools of the need on an educational achievement basis in the various schools—not on the target schools of the school district, whether they fit within the formula described here, but also the need, which is also established in the legislation, after it reaches the school.

Dr. ROTBERG. Yes, particularly in the demonstration districts. We found that all of the schools in the districts have low-achieving children. We also found that on average there are a higher proportion of low achieving children in the schools which are Title I schools under current standards than in non-Title I schools.

There are, however, many low-achieving children in the non-Title I schools. School districts are not able to serve all of their low achieving children. There are many unserved low-achieving children in current Title I schools. There are also many unserved low-achieving children in other schools throughout the districts.

Mr. FORD. Would you please yield. On page 4 you come to an agreeable kind of conclusion, when you say, "The intent of the legislation appears to be twofold, to serve low-achieving children residing in areas with the greatest numbers of low-income children" following your description of the distribution.

Dr. ROTBERG. Yes.

Mr. FORD. Also in your statement you mention that you looked at other funds, compensatory funds, that are distributed coming from State sources. There are some 19 States that have a Title I type program.

Dr. ROTBERG. State compensatory programs.

Mr. FORD. Did you make any comparisons between how the methodology employed under the Federal program matches or contrasts with the methodology that they use for their State compensatory funds, and what it produced in the way of a correlation?

Dr. ROTBERG. Yes. There are differences among States in how they use their State compensatory money. Some distribute their funds using a formula which is quite similar to Title I. Others, as you know, distribute funds to school districts based on low achievement rather than on poverty.

Certain States also distribute funds within school districts based on low achievement. In general, however, once the money reaches the school district, many State compensatory programs give a lot more flexibility in the distribution of funds than does the Title I program.

In short, States use a variety of different formulas to allocate money to school districts and to schools within districts.

State programs also serve different kinds of children. In some cases, State money is used to serve children who are not reached by Title I. In others, it is simply used to increase the service that Title I schools or children receive.

We found that State and Title I programs provide similar kinds of services. Both emphasize basic skills instruction, although State funds are more likely to be used for noninstructional services, such as counseling, health programs, or transportation.

Mr. QUIE. Let me ask you, in Detroit we saw the information the other day that in two schools which had approximately 32 percent poor children attending, one of them had 50 percent underachieving, and another one had 9 percent underachieving.

The distribution in Detroit, I understand, was that the same amount of money was going per poor child into the school for its use. That means that we would have an insufficient amount per underachiever in the 50 percent one, and way beyond evidently what was needed, where there were 9 percent underachievers.

I understand from your testimony that in some school districts, while they use poverty to determine the target schools, they would send a greater amount of money to the school with 50 percent underachievers, and considerably less on the 9 percent.

Now, have you gotten a handle on any of that, on how best the money could be distributed within the school district from the information you have?

Dr. Rotberg. I am assuming that in Detroit both schools were eligible for Title I. Is that right?

Mr. Quie. Right.

Dr. Rotberg. Detroit could, if it wished, give more money to the school that had the larger number of low-achieving children. This is completely within the regulations. The regulations do not specify how resources should be allocated among eligible schools.

As I mentioned in my testimony, almost half the school districts are currently allocating resources based on the numbers of low-achieving children in eligible schools. It would be perfectly acceptable for Detroit to give more money to the school that had more low-achieving children.

Mr. Quie. But in reviewing some of the school districts which could distribute the money based on low achieving students, have you developed a system that looks like it is better than other systems for making this distribtion that we could look at?

Dr. Rotberg. No, we have not.

Mr. Quie. Going to poverty children, I believe it was in Missouri, they require each person who pays their State tax to put their county on the tax return, and then they use that information to distribute money. Have you looked at our capability of using IRS information?

That would be recent, up to date. We would require them to put that box on the Federal income.

Dr. Rotberg. Are you referring to the allocation of funds to school districts?

Mr. Quie. Yes.

Dr. Rotberg. We could consider that option.

Mr. Quie. If you do it at the district level, then that information would be involved, since we would have census tracts as well.

Dr. Rotberg. Yes. We will comment on that for the record, if you wish.

Our study of subcounty allocation showed that Iowa uses State income tax data in place of the 1970 census to allocate funds to school districts. Children living in families below the Orshansky poverty line are identified from State income tax reports. Taxpayers code the school district (all districts are unified) on the tax form. The State Department of Revenue sends the Title I office a printout, by school districts, of farm and nonfarm families for various income levels and number of dependents. The process is repeated annually. Fiscal year 1977 funds were allocated using 1975 tax information.

Funds are allocated on a statewide basis in proportion to the number of target children in each school district. Target children include: (1) children living in families below the Orshansky poverty level as compiled through the State income tax; (2) all children 5-17 living in families receiving AFDC payments; and (3) neglected and delinquent and foster children 5-17.

Each school district receives a share of the State allocation in proportion to that district's share of target children in the State.

Mr. QUIE. Speaking of concentration before, do you look at concentration at all within the school building itself, meaning concentrating the money on the severely educationally disadvantaged over and against the less severely disadvantaged, or is your concentration only looked at in one school over against another school based on the number of poor children?

Dr. ROTBERG. The testimony today referred to the concentration at one school as against another school.

Mr. QUIE. The concentration based on poverty rather than on educational achievement.

Dr. ROTBERG. That is correct, although I should point out that in many large cities, for example, the correlation between the number of low-achieving children in a particular school and the number of poor children is very high, and ranking schools by poverty would give very similar results to ranking them by achievement.

In other districts, the correlation is not so high, and ranking by poverty would give different results. But, you asked about the concentration on children with the greatest need within the school building.

Again, districts use different procedures. Some districts use a very strict criterion for eligibility and may be able to provide Title I services only to children below the 20th percentile. These districts make a very strong effort to reach the lowest achieving children before they serve anyone else.

I think that other school districts are much more flexible. As you know, the selection of eligible children is not based soley on test scores. Teacher judgment is often used. In some cases, income is also used to select Title I children, which is not consistent with the regulations.

Mr. QUIE. The last question I would ask was I gather from what you said that if you increase the poverty criteria to 125 percent for Orshansky and 200 percent for Orshansky, the Southeast would lose money.

Dr. ROTBERG. Yes. The South would lose money, and the funds would shift primarily to the Northeast and North-Central regions.

Mr. QUIE. Either in 1970 or 1974 when we looked at that, the South would have gained substantially if we increased the definition of poverty.

Mr. FORD. No, Mr. Quie, not when you increase it 200 percent, but if you only bring it up a few thousand.

Mr. QUIE. That is why I thought there would be a substantial difference between 125 percent and the 200 percent. Once you go over 80 percent of the people in the area, then they don't gain as much by increasing poverty.

Dr. **Rotberg**. We found that the South would lose money under the 125 percent criterion, and under the 200 percent criterion, but it would lose more money as the criterion went up.

Mr. **Quie**. They would?

Dr. **Rotberg**. Yes.

Mr. **Quie**. Thank you.

Mr. **Kildee**. I think Dr. Hill now has a statement.

Mr. **Ford**. I would like to ask one more question before we leave.

As I understand it, your feeling is that the present statute and regulations would permit a State plan to allow within district distribution solely on the basis of testing, if they wanted to do so. I was under the impression that wasn't the case. I get the impression you say they can use any method they want to determine which schools are going to receive the money under the current regulation.

Mr. **Harvey**. Mr. Ford, the current regulations require school districts to (1) identify eligible schools and (2) target from among the eligible schools those that will actually receive Title I services. Districts are required to use poverty criteria in both of those steps.

What Dr. Rotberg was trying to say was: having done that, many school districts are deciding how much Title I resources to put into targeted schools on the basis of the achievement of the students attending those schools.

So districts have to pick out their schools based on economic criteria, but many of them are now deciding how much Title I money to put into those schools based on the achievement of the students.

Mr. **Ford**. But they can use any economic criteria they want, as long as it's economic.

Mr. **Harvey**. Right. We identified over 10 criteria currently in use.

Dr. **Rotberg**. That is right. They can use any poverty criterion, and they are presently using a wide variety.

Mr. **Ford**. Is the focal point of the test of how you do it in the local district how you do it in the State plan?

Dr. **Rotberg**. No. There is no State plan required.

Mr. **Ford**. It doesn't have to be uniformly applied across the State.

Dr. **Rotberg**. No, districts may choose their own criteria.

Some States may encourage their districts to use particular measures, but there is no Federal requirement that they do so.

Mr. **Ford**. Then it leaves one wondering; in the big cities superintendents are telling us that they need more flexibility and then you stop short of talking about losing testing: What kind of flexibility do they need?

Mr. **Quie**. One of the reasons is they have some schools that have a high percentage of underachievers, but they aren't target schools because they moved the kids around, and under that census, Mr. Ford, or AFDC information, or free lunches, or whatever they use, they would leave some schools out that have a substantial number of underachievers. So, if they had the additional ability of being able to make the determination on underachievement and drop the poverty one, I think that would be the way it would have to go. At

Charlotte-Mecklenberg it was interesting, if I recall correctly, it was either the one the most severely disadvantaged or either the top or very close to it wasn't even a target school under the poverty criteria. Under the census information the population shifted so much since the 1970 census, the one which needed it the most couldn't even be called a target school until they got to be one of the 13 school districts for the test that let them do it.

Dr. ROTBERG. I would like to add one point to your comment, Mr. Ford.

Although the regulations do permit all of the flexibility that I have talked about, many States and school districts do not completely understand the regulations. We have pointed out in previous testimony that there is a real lack of clarity in the dissemination of the regulations, so that a school district or State could be honestly confused about that is permitted and what is not permitted.

Mr. KILDEE. Dr. Hill?

Dr. HILL. Thank you, Mr. Chairman.

One of the most important tasks of the NIE study was to investigate a proposal to change Title I so that funding would reflect the numbers of low-achieving children rather than the numbers of poor children. The proposal to that effect was made first in 1974 in H.R. 5163 in the 93rd Congress, and in this Congress the proposal was made in H.R. 7571.

When the proposal to use achievement rather than poverty as Title I's eligibility criterion was made in 1974, there was great uncertainty first about how that proposal could be implemented, and second, about what its consequences would be for the funding of States and school districts. Estimates of the costs of implementing that proposal varied in 1974 from an imprecise "very little," to hundreds of millions of dollars per year. In 1974 we also had only the roughest idea of where the money would go as a result of the change in eligibility criteria.

Our research was meant to provide the information that was lacking in 1974. The purposes of our research are two:

First, to discover what is needed to implement achievement based funding for Title I, and second, to discover the likely effects of achievement based funding on the amounts of money received by States and local education agencies.

The data that we provided can help clarify the issue, but they cannot make the choice. After all the data are analyzed, the question is still whether Title I is for educationally disadvantaged children in poor areas or for educationally disadvantaged children in all areas. That is an issue that can be resolved by Congress alone.

As I discuss our fundings, it will help to keep the discussion clear if I distinquish three stages of the title I funds allocation process. I would like to ask our economist and sometime chart turner, Charles Troob, to put up an earlier chart.

Mr. KILDEE. Is he trained in both professions?

Dr. HILL. He is a much better economist.

As the chart shows, there are several steps in the funds allocation process, which would apply whether the allocation formula was based on poverty or achievement.

We can talk about the allocation of funds to States from the Federal Government; we can talk about the allocation of funds from States to districts, and then about the allocation of funds within districts. Our research has separated each of those stages.

The first findings I will discuss are the implications of changing the eligibility criterion for allocation of funds to states and to school districts. In a few minutes, I will discuss the other question of the allocation of funds within school districts.

The first chart, outlines our findings about what is required to implement achievement based funding to States and school districts.

First, the question of feasibility: We concluded that the data do not exist now to allocate funds on the basis of achievement to all States. To allocate funds to all States on the basis of achievement data would require a national test. A national testing program that would produce numbers of low achievers on which to allocate funds to all States could be created in about three years at a cost of about $7.2 million.

Next, the question of allocation within States to school districts: There are really two methods of doing that. One method, which is discussed in Mr. Quie's bill, H.R. 7571, would be to rely on State testing programs to provide estimates of the number of low-achieving children in each district. We have reviewed the existing State testing programs and found approximatley 22 that could be readily adapted to the uses of funds allocation.

We also found that there are 20 other State programs which would not be suitable now for allocation within the States. They would need to be changed in major and expensive ways to be used for Title I funds allocation.

We also reviewed the possibility of allocating funds to school districts directly from the Federal Government by means of a national test that estimated the number of low achievers in each school district. We concluded that such a test could be conducted in about three years at a cost of approximatley $53 million.

Mr. QUIE. Could I ask you two things: What would it cost to do a census survey on poor children every 3 years? If I recall the data for allocations to the State level in the Survey of Income and Education cost $15 million. What is the margin of error on the SIE as against the census?

Dr. HILL. I will have to make a more precise answer to that in writing. In general, we tried to make our error estimates at the same level of accuracy as the Survey of Income and Education. But I think I should answer only after taking a careful look at that. The costs would certainly be considerably higher than the $53 million we just cited. The $53 milion estimate assumes a sample survey.

Also, under feasibility we explored the possibility of negative incentives. In 1974 the idea of using achievement test scores to allocate Title I funds was criticized on the grounds that States and local agencies could report very large numbers of low achievers and thereby increase their funding artificially.

We concluded that the negative incentive problem can be avoided. The main component in avoiding that problem is to have outside agencies, rather than the school districts themselves, administer the tests. The control over who takes the test and the testing conditions would be in the hands of an impartial body.

I should note that the 22 States which I said testing programs were now available do not now have those safeguards, and they would have to be built at some cost.

After studying feasibility, we also looked at the effects of achievement based funding on the allocations of funds among school districts. The purpose of our analysis was to say what would happen if the change to achievement based funding were made now, thus we compared the numbers of low-achiving children in States and school districts with the numbers of poor children counted by the Census in 1970.

The next chart shows the effects of a change to student achievement on the funding received by the States. It is based on table 2 of our report on the use of student achievement measures. [See appendix 4.]

Mr. QUIE. Look at Michigan.

Dr. HILL. The States which are in dark would probably gain. The cross-hatched ones would lose. As you see, there are several States for which there are no data. In general, about 23 States would experience large gains or losses in excess of 15 percent.

The effects on regions can also be seen by looking at the chart. We find that for most regions there is no general gain or loss, because neighboring States cancel one another out.

We also tried to discover the effects of funding on school districts, and that is the next chart. We found on average that central cities and suburbs would experience very small changes, and if anything suburbs in particular would experience small gains. Rural areas would generally experience losses, and areas with high concentrations of minority students would generally experience gains. All of these trends are important, in part because of the impression left in 1974 that urban areas would generally lose funds. That does not appear to be the case. But, I have to give a very important qualifier, which is that the national trends we have reported are not useful in predicting what will happen to particular districts. We found some States in which urban districts or suburban districts, which on the national trends generally would gain, lost; In other States, rural districts, for which the national trends would predict losses, would probably gain funding.

In some States, the national trend of gains for minority areas were reversed. Thus, the applications of those national trends to particular places is very difficult.

Mr. FORD. When you say gain or lose, are you measuring that against continuation of the present formula?

Dr. HILL. To be precise, what we did was ask whether a district or State has a larger proportion of the Nation's poor students than it has of its low-achieving students. If it has a larger proportion of the Nation's poor than low achieving, it would lose funds in a change from poverty to achievement as to Title I eligibility criterion.

Mr. QUIE. That is always the case when you give the money to those who need it, the ones who don't need it as much don't lose.

Mr. FORD. I think it's important to find out what you compared the proposition with.

Mr. QUIE. Gains. Did you compare it really against this generalization you have just given us about whether you use poverty or where you talk about the present measurement that is in the law?

Dr. HILL. Mr. Ford, we use the present Orshansky definition of poverty based on census data. Our comparisons were between those counts of poor and counts of low achieving. We also recognize that there were other elements in the Title I fomula. In general, those elements will not change our findings. Had we considered AFDC counts, we would have reported greater losses for a couple of States, New York and in New Jersey. But, in general the definition of poverty we used is the definition now in the statute, and we did not look at other definitions.

Mr. FORD. But, in answer to Mr. Quie's question a few moments ago, it became apparent if you moved to 200 percent of Orshansky, that that would shift the money within the country almost the same way that you are suggesting that Quie's approach would shift the money within a State.

Dr. HILL. There would be some similarity, but a considerable amount of difference in detail if you look at State by State changes.

Mr. FORD. What I am getting at is this is going to flow now into the folklore and bases of all kinds of arguments around here about formulas, and I want to make sure that you are specifically talking about the present formula and not any optimum adjustment to that formula we face in reality.

Dr. HILL. We are explicity and solely talking about the current formula.

Mr. QUIE. If the gentleman would yield, it would surely be helpful if we also had the shift of money, who would lose and gain if we went to the SIE, which is 1975 versus 1970. It would also be helpful if, as you suggested, the 200 percent of Orshansky or the 125 percent of Orshansky is reviewed.

Dr. HILL. We did make a comparison of that sort. If I can ask Dr. Nyitray to talk about the SIE estimates.

Mr. QUIE. Do you have comparable charts that you show which States gain and lose that we can put in the record at this time when they are made available?

Dr. NYITRAY. In our report on using achievement test scores, Table C-1 in Appendix C contrasts the shift by State, for a change from 1970 to 1975 poverty counts, that is essentially the SIE data, with the change from 1970 poverty to our estimates of what numbers of low achievers. In fact, we found that different States would gain and lose. [See appendix 4.]

Mr. QUIE. You have 70 poverty versus achievement; do you have one for 75 poverty?

Dr. NYITRAY. Yes, page 30, in the body of the report.

Mr. FORD. Do you have a copy of that ?

Dr. NYITRAY. I can give you mine. [See appendix 4.]

Mr. FORD. Thank you.

Dr. HILL. Shall we continue, Mr. Chairman?

Mr. KILDEE. Yes; why don't you continue, if you will.

Dr. HILL. To this point, all of the findings we reported have been for allocations to States and districts.

Mr. QUIE. Excuse me; could you, however, display it the same way as you displayed the other?

Dr. **Hill**. We could. We have not done that.

Mr. **Quie**. If you can do that we can put it in the record. I ask unanimous consent we put it in the record at this time.

Mr. **Kildee**. Without objection, so ordered.

Mr. **Quie**. Do you also have the information for the 75, do you also have it for 125 percent of Orshansky and 200 percent of Orshansky?

Mr. **Harvey**. We can provide that for the record, Mr. Quie.

Mr. **Quie**. If you can do that.

Mr. **Ford**. On the basis of what you have already put in the bank over there, could you at the same time consider the alternatives with regard to poverty of returning to the AFDC count, for example, or going to some higher percentage on Orshansky in the area of 190 that we have got in the school lunch or even 200? Have you got the data base?

Mr. **Quie**. They have got 200, so they better be using that one.

Mr. **Ford**. Do you have a data base you can run that on too?

Dr. **Hill**. Mr. Ford, I would like to respond to that later. We probably do. I think we can handle the Orshansky.

Mr. **Harvey**. Mr. Ford, our report on the current funds allocation system shows the effects of striking AFDC from the current formula on the one hand, and also, on the other hand, counting all AFDC children above the poverty base. That is already in this report, and we can provide that for the record also. (See Appendix 3.)

Mr. **Ford**. I don't have that report either.

Mr. **Harvey**. Here is a copy.

Mr. **Ford**. This does cover what happened when we did that in 1974.

Mr. **Harvey**. No. What the report covers is the difference in the current formula of either, omitting AFDC counts entirely, or counting all AFDC children above poverty. We can give you present and post 1974 changes for the record, too.

Mr. **Ford**. We know generally what that did. For some of us it was a disaster. But that is one of the viable alternatives, if people are going to cling tenaciously to the idea that poverty has to be the basis for fund distribution, and try unsuccessfully to defend the 1970 Census on into the next generation. We ought to be looking at what happens if you update the poverty in some way in the manner she was describing in her statement.

You did touch upon what happened if you used the approach that was used in the school lunch of going up with the Orshansky formula. Would we be able to tell from this whether or not you have made an estimate in here of what would happen if you plugged the AFDC back into the present formula?

Mr. **Harvey**. Yes.

Mr. **Ford**. With Orshansky?

Mr. **Harvey**. With Orshansky.

Mr. **Kildee**. Dr. Hill, if you will continue now.

Dr. **Hill**. On this point, all of our findings are about allocations to States and districts. Within school districts, for almost every school district in the country, it's possible to allocate funds according to achievement measures now. To study the use of achievement as the funds allocation standard within school districts, we conducted some special studies which were established in our Congressional mandate. That mandate permitted the Commissioner of Education, at our request, to waive certain rules affecting allocations of funds within school districts. Thirteen school districts volunteered to participate in those demonstration projects. Most of the school districts used some form of achievement criterion to allocate Title I funds among their schools and students. All but two of the districts increased the number of students they served with Title I funds, and half of the school districts served more schools.

These demonstration projects were important because they were working models of a possible policy that Congress may adopt. We can't warrant on the basis of these findings that all of the school districts in the country would do just what these districts have done, but the demonstration projects did permit us to watch the process at work, and to understand some of the most important things that can happen inside school districts as a result of a change from poverty to achievement as the eligibility criterion.

Perhaps the most important result is that the demonstrations did operate. There were no overwhelming technical problems experienced by the school districts, and there was enough community acceptance in most of the districts for the demonstrations to take place.

Our formal research produced findings in two areas. The first area concerned the effects of the demonstrations of the population served by Title I. We asked, "Did Title I serve a different group of students after the Title I eligibility standard was changed from poverty to achievement?"

The second question was, "Did the Title I services change when districts served more schools and students in the demonstrations?"

On the first question we found what would have been expected, namely that selecting schools and children on the basis of achievement rather than poverty produces a Title I population which has a higher percentage of low-achieving students, and a lower percentage of low-income students. With respect to services, we found that when school districts served more schools and more students, they reduced the instructional time provided to individual students, and they increased the sizes of classes in which instruction was delivered.

Despite those changes, however, most of the school districts kept their models of Title I service intact. Those school districts that provided services by means of aides, or pull-out programs, or specialists continued to do so. Title I students in those districts still received substantially different services from non-Title I students.

We also analyzed the flow of funds in the demonstration districts. We found that some districts used Title I carryover funds and other sources of State and local funds to maintain the quality and intensity of Title I services they delivered.

Dr. Jim Vanecko, in the next panel, will discuss our findings in the demonstration in more detail.

In summary, Mr. Chairman, we found achievement based funding is feasible, in the future, but that it cannot be implemented for every stage of funding right now. The proposal cannot be dismissed on technical grounds. In general, the issue of whether to change from poverty to achievement as the Title I eligibility criterion cannot be resolved for or against achievement based funding on technical grounds. The change that is proposed is a change in the objectives of the program, and it is not just a matter of changing statistical procedures. Making the change could be difficult and costly, but if there is a real desire to define the objectives of the program in a new way, the technical problems of implementing it are not intractable, nor is the cost of solving them enormous.

Mr. KILDEE. Thank you, Dr. Hill.

I have a few questions here; I will try to use up my 5 minutes. Dr. Hill, you stated that, nationally, rural areas would probably lose Title I funds and that urban and suburban areas would gain funds, if we were to use tests to distribute the money. You also stated that results for individual school districts are impossible to predict because the States do not now have reliable testing systems in place.

Could you explain for the record what the presumptions you used to find these national trends, and could you also explain whether you believe that you can draw the same conclusions from Mr. Quie's bill, H.R. 7571, when that bill is silent regarding which test a State can use, and what cutoff points there would be in using the results?

I am asking these questions because I understand that in one of the NIE demonstration districts, which is Winston-Salem, they used one test one year and qualified 27 schools as Title I schools, but then the next year used an easier test and only qualified two of those schools as Title I schools. So, it seems that different tests could give you quite different results.

How can you predict what the national trends will be in general with tests or with Mr. Quie's bill?

Dr. HILL. Mr. Chairman, I would like to ask Dr. Nyitray to answer most of the question. I would like to say that achievement is like poverty in that it can be defined lots of different ways, and every achievement test is different. Our predictions were based on the available data. Different achievement tests would produce different results, or at least one couldn't predict that the different tests would produce identical results. Now, Dr. Nyitray will answer the hard parts of that quesiton.

Dr. NYITRAY. I think you answered it. To look at the national trends, we took information that was already available on student achievement and that was using one standardized reading achievement test, the Metropolitan Achievement Test, grade 4, and we used a cutoff on that test to define low achievement that would produce nationally the same percentage of low achievers as there are currently children in poverty, so it's approximately the 15th percentile on that test.

Then by using this achievement data, which was collected for other purposes in 1972, we could come up with some generalizations about the average trends for types of places. On the other hand, if achievement were adopted as the funds allocation criteria, how that would affect the actual funding to types of places might depend on the grade level tested, and particularly and very clearly on the cutoff that was used for defining low achievement as well as the actual form of the test that was used, so that when we talked about the general trends that we discovered, one has to qualify that by saying that was using that particular data base, those particular achievement test results, and our definition of the cutoff for defining low achievement.

Mr. QUIE. Is that accurate, that when you use a tough test 27 qualified, and when you used an easy test two qualified?

Dr. NYITRAY. Ann Milne can answer that.

Dr. MILNE. I don't know about the ease or toughness of the test.

Mr. KILDEE. Different tests?

Dr. MILNE. Different tests.

Mr. QUIE. That is what the question seemed to imply.

Dr. MILNE. Winston-Salem used the Metropolitan Achievement Test to qualify its schools for 1976-1977, and it had 27 schools eligible. They changed to the Comprehensive Test of Basic Skills that year. In using the test results from the Comprehensive Test of Basic Skills, they found, it may have been only two schools, I have forgotten, were eligible by that test. They then requested that they be allowed to use the 3-year holdover option to continue serving the schools they served in 1976-1977.

Mr. FORD. Did I understand you to say that you determined the number of children to be served, and then used that to peg the level of the test score that you were going to use?

Dr. NYITRAY. Well, this was in the general comparisons. For example, in looking at how the funding would shift from State to State and comparing poverty to achievement.

Mr. FORD. Let me ask one of your statisticians then. I assume when you say that you are looking at the comparison of the people, the numbers now reached by the appropriations at the current level——

Dr. NYITRAY. No, we compared the numbers of poor children counted in the current formula with the numbers that we estimate would be low achieving if, in the country as a whole, there were approximately the same number of low achievers as there are currently poor children. That way we could estimate the shift in funds without assuming that there would be a lot more eligible children one way or the other. It was an arbitrary definition that was necessary to make the original comparisons.

Obviously, there is no philosophical point of view behind taking the 15th percentile.

Mr. FORD. There has been this assumption of the correlation between low-income and concentrations of low-income people, and under achievement in school and the resulting need for compensatory education. When one looks at the definition of poverty, it isn't all that unlikely that one would find that the level of poverty, whether it's $5,700 for a family of four or the more realistic $12,000, is no real test of what educational needs children have in any given part of the country. And so, your comparison where the money shifts is dependent entirely on the arbitrary definition of poor that is in the present formula; isn't that right?

Dr. NYITRAY. Yes. We were clearly comparing what takes place currently with what would happen with the change.

Mr. FORD. Starting with the assumption the definition of poverty for urban areas is dramatically low, and therefore incorrect, wouldn't you then expect that you would produce more children with learning disabilities if there is a correlation than the present formula would produce as poor children if the level of poverty has the effect of arbitrarily cutting off really poor people from the count?

Dr. NYITRAY. I am not sure. If the povery definition were changed——

Mr. FORD. If there is a high correlation between people who live below the "poverty line" and the need for the educational funds, then the poverty line ought to be where you do the measuring and the present formula doesn't do that. Orshansky doesn't bear any remote resemblance to urban poverty, it doesn't come anyplace close. We have figures developed this year indicating that cities like New York, San Francisco, Chicago, Detroit and others, that other departments of Government have compiled and they consider a family to be living at subsistence level with figures that are about 225 percent of Orshansky. If you take that into account, then this comparison really falls apart. If you have arbitrarily pegged yourself to that level for poverty, and you have sort of cut out a substantial number of people.

Dr. NYITRAY. Who might be considered poor.

Mr. FORD. Who might be considered to be underachievers?

Dr. NYITRAY. In the analysis of the national trends relating poverty and achievement, we did only use the Orshansky definition.

Mr. KILDEE. Dr. Hill, if we were to shift to using test scores to distribute Title I money, could we not still wind up with the same type of situation which others have described; namely, many regular achievers participating in programs, unless we were to require a universal testing program for all children in order to qualify them to participate in programs?

Dr. HILL. Mr. Kildee, if I understand the question right, you are focusing on the selection of individual children to participate.

Mr. KILDEE. Yes.

Dr. HILL. At the present time, individual children are selected to participate according to a judgment of educational need made at the local level, usually by the teacher. Sometimes those judgments rely on test scores, sometimes on other things. Unless every child were systematically tested through a census-like testing system, the selection of individual children for services under any eligibility criterion would probably be the same as it is now. It would rely primarily on teachers' judgment of educational need.

There basically are two options. One option is to test every child. The other option is to test a few children and use teachers' judgment for selecting the others.

Mr. KILDEE. Did your cost estimates reflect universal testing?

Dr. HILL. No, they did not.

Mr. KILDEE. Dr. Hill, in those districts which chose Title I schools by test results, do you know yet whether the children in schools which qualified one year and not the next year due to better test scores were able to sustain their educational achievement, or did these children fall back?

Dr. HILL. Mr. Kildee, we don't have direct information on that question. We will have information on the overall question of fall-back during the summer, but we won't have any direct evidence about the loss of achievement on the part of the children who move out of Title I programs for any reason.

Mr. KILDEE. I will yield to Mr. Quie now.

Mr. QUIE. The only question I have is you mention in one of those charts in there about the negative incentive, and in the school districts that distribute their money based on achievement within the school district, then to what extent does negative incentives cause a problem now? It seems we are talking about negative incentives, there isn't any difference there and in the proposal that I have made.

Dr. HILL. Mr. Quie, the only place we have information about distribution of funds based on achivement within school districts is in the demonstration projects, and Dr. Milne can talk about that.

Mr. QUIE. Presently the allocation of resources that has been done in a number of school districts, not one of the test ones is on the basis of achievement.

Dr. HILL. That is correct.

Mr. QUIE. You would be able to look at negative incentives there, which would be comparable to any problems if we went to the total distribution within the school district based on achievement.

Dr. HILL. I see.

Mr. QUIE. So I was inquiring what have you found on negative incentives?

Dr. HILL. We have no data to say that negative incentives don't exist. I think we can say that there is a possibility of such negative incentives. The question of whether they actually operate is a good one, and I would like to ask Dr. Milne's opinion since she and the people she worked with, ABT Associates, have actually seen it operate in the demonstration projects.

Dr. MILNE. We have at the moment no direct evidence of the operation of negative incentives in the demonstration districts. As you know, there are two situations in the demonstration districts in which it can be followed. One is in districts which serve all schools. The situation like the one you were referring to might occur, where all schools will continue to receive services but the actual amount of resources the schools get may shift. In two of the districts, as you know, they reranked the schools and served fewer than all. As we saw in Charlotte this year, ranking on the basis of the same test, Charlotte's number of eligible schools went from 57 to 37. I still see no evidence of negative incentives in those districts.

There is, of course, disappointment among principals who lose services in their schools.

Mr. QUIE. From what you said, nobody has really looked at negative incentives in the other school districts where the allocation of resources is based on achievement.

Dr. HILL. We certainly haven't.

Mr. QUIE. If anybody was going to make a point there were negative incentives, at least distribution of resources on achievement is out there for them to look at to use as disproof of their claims.

Dr. HILL. That is correct.

Mr. **Kildee**. I want to make it clear my questions did not indicate any conclusions on my part, but are purely interrogative in nature.

Mr. Ford, any questions?

Mr. **Ford**. I have thousands of questions, and I think that there is enough material in what you have presented to us this morning to keep us debating with each other on this committee for a long time. It's a good thing we didn't know all of these things when we wrote the original act in 1965.

But, there are some general conclusions that you reach which enforce the hunches that we have been operating under in this committee. I look forward to spending more time trying to go behind these studies to see how far we can really go in determining a more sensible—if not more sensible at least more defensible formula for Title I. This, of course, is assuming that Title I is going to continue in something similar to its present form. There is a new sensitivity in the northeast and the midwestern States about how they have been treated with formulas in the past.

That chart that you displayed is going to cause a revolution, very frankly, because it's going to be very difficult for us to get past the tremendous visual effect that your map has, and so we better be able to understand exactly what a little less and a little more means, and what we are comparing it with, because you are going to be besieged by members of Congress once they see that chart to explain why their part of the country would receive less or more.

If we are talking about significant numbers, we better start developing some way to tell what those numbers are. As I understand it from your testimony at this point, you are trying to arrive at a general trend, and it won't be possible to answer very many specific questions.

Dr. **Hill**. Mr. Ford, that is correct. We can talk about some different achievement level cutoffs on the tests for which we have data, but that is as far as we can go. The reason is that no other data exist. With respect to poverty, our report on the current funds allocation system provides a great deal of information about alternative poverty definitions.

Dr. **Rotberg**. I think you expressed some interest earlier in a comparison between the effects of upward revisions of the poverty definition and the effects of using achievement criteria. We can make some inferences from our data. If the poverty definition were raised, both large cities and rural areas in the South would lose funds. Rural areas would also lose funds under achievement criteria, but on average urban areas would receive about the same amount of money as they do now, although certain large cities would gain.

Also, our analysis showed that a change to achievement criteria would make little difference in the overall share of funds going to each region. However, the South would lose funds, if the poverty definition were raised.

Mr. **Ford**. There has been an enigma posed to this committee since the Title I formula was originally written that goes something like this: That there is a high correlation between poverty and the need for supplemental education as provided by Title I. When the same people who have urged the sanctity of this correlation over the years are asked if that is the case, then why wouldn't a reasonable testing system produce the same correlation?

If the correlation exists going in one direction, why doesn't it go in the other direction, and almost uniformly they tell us it only works one way. If you find poor kids, you will find low achievers automatically, but if you find low achievers, you wouldn't find poor kids at the same time. That has been bothering me for a number of years. I think I am beginining to understand now that the people who are saying this to us are using their views of what the level of poverty ought to be, and some kind of negative assumption with what the effect of testing might be.

You undoubtedly will come back to us again with those figures, because $53 million is a lot of money. But when you consider how many billions of dollars we have distributed with this program in the last 13 years, $53 million, to even fine tune it a little bit, is not very much money.

When we started pressing for the kind of study that you have been engaged in, it was our hope that the kind of parochial interests that are a part of this system would be to some degree—to a great degree—overcome by your professional approach to this thing. Many of us intend to use your study as much as we possibly can based on the fact it's a professional approach, presumably not dictated by the kinds of pressures and prejudices we have in dealing with formulas. I hope you are able to give us all sides and alternatives to choose from.

If my colleagues are going to insist that poverty is the only way you should distribute money and that correlation only runs in one direction, then we ought to consider whether our definition of poverty is at all adequate and up to date, and the statistics against which we apply the information are also adequate and up to date. That presents two choices, staying where we are, or moving to a new definition. And then the third choice is some variation of Mr. Quie's approach, which has been constant and consistent for 10 years.

Mr. FORD. Perhaps if O'Hara and I could have gotten together in 1965 things might have been different.

Mr. QUIE. That's right.

Mr. FORD. We were all fighting against the formula from different directions.

Mr. QUIE. Different political reasons.

Mr. FORD. There is a notation, incidentally, in the President's papers that I saw recently at President Johnson's Library. When the 1965 Act was being considered by this committee, he had a memorandum from Larry O'Brien, and it's now a public record. I have a copy of the papers in my office; you might like to see them, Mr. Quie, there are some very interesting things about how they were lobbying the bill. Mr. O'Brien had a list of problems that were beginning to crop up, and he was encouraging the President to press for Mr. Perkins to move as fast as possible in the committee, because he said Hugh Carey, Jim O'Hara and Bill Ford have figured out that the money is all going down South, and it's not going to the urban North. They are trying to figure out how to get a handle on it. Now, that was a straight appraisal of what the political problem was for the Administration.

Unfortunately, we never did find a handle. We just had all kinds of indications that that was what was going to happen, and it now seems that that is what, in fact, has happened.

The President went out of his way to endorse that proposition, because there are communications in there to prominent Southern Members in which he made the flat assertion they could be assured that this formula was loaded for the rural South. Now, to the degree that the urban North has come to recognize this over the life of this program, our ability to get public support for full funding, which is everybody's dream, has been diminished. People will not support massive increases in expenditures for a program that they don't perceive to be a program that deals with them fairly.

It's very difficult to suggest with what we have been seeing coming out of our cities in the last ten years that some rule can be written that says that all of the indicators about the problem of living in the city being a tremendous disadvantage, especially for poor people, fall away when you start talking about education.

I think the American public is ready to support something that will teach people to read and write, if we can convince them that it's possible to figure out a rational way to allocate the resources between the States and within the States. To the degree that you can help us by suggesting alternatives that reach toward that without a regional bias, we may be equipped to do something about it.

I don't see any other sources of information coming to this committee, with the exception of someone like yourself or the study we are going to hear about shortly which has any possibiity of being neutral enough to be trustworthy. Spokesmen for big cities have a bias, and spokesmen for rural areas have another bias, Northerners and Southerners have still another. And now there's the phenomenon of the sun belt in the West. We'll look to your professional ingenuity to help construct it for us. I hope you can keep at it and come up with a magic formula. The right formula, of course, is the one that gets enough votes to pass. That's the ultimate test.

Mr. QUIE. If the gentleman will yield on that, the situation is different now than any time in the past, I suspect.

There is enough money now so we are reaching more children when they are poor underachievers. The things that bothered me when you talk about concentration is that we are missing some poor underachievers, and we have no way of deciding who the money goes to above that. That is why I have thrown out a number of times before that I think we can all accept that the poor underachiever ought to have first priority, and the non-poor achiever we don't have to worry about. But who gets the money when you take care of the poor underachievers?

Should it be the non-poor underachievers or the poor, average achievers and above? I think people really have to address themselves to that. Under the handicap program, we provide the aid for anybody who needs special education, and we put in the legislation the necessity of concentration on those who are most severely handicapped. It just seems to me that if we can find ways of reaching the underachievers to the extent that there is a correlation between poverty and underachievers, we are going to reach them. If they are more severely educational disadvantaged and are poor as well, then, with the limited amounts of money we ought to devise a program so it reaches them.

The reason why I would like to see the maps or the charts and I would hope we will have the charts to use when we get the full committee here too, is that when one looks at the problems of using achievement data, what we neglect so often is to recognize the even greater problem of using poverty, because if this part started out under the assumption everybody was an underachiever who received compensatory education, you would never be able to go to poverty with all of the failures of that formula, and that is really the problem we are faced with now.

I am ready for the next panel.

Mr. FORD. Thank you very much.

Mr. QUIE. Thank you very much.

Mr. FORD. Mr. James Vanecko, Senior Social Scientist and Demonstration Project Director, ABT Associates.

Dr. Annegret Harnischfeger; Dr. David E. Wiley, Co-Directors of the ML-Group for Policy Studies in Education, CEMREL, Inc., and Dr. Vincent Breglio, Senior Research, Accompanied by Mr. Ronald Hinckley; Mr. Richard Beal, Decima Research.

STATEMENT OF DR. JAMES VANECKO SENIOR SOCIAL SCIENTIST AND DEMONSTRATION PROJECT DIRECTOR, ABT ASSOCIATES, ACCOMPANIED BY DR. FRANCIS ARCHAMBAULT, DEPUTY DIRRECTOR; RUTH SCHEER, DIRECTOR OF FIELD OPERATIONS; DR. ANNEGRET HARNISCHFEGER, DR. DAVID E. WILEY, CODIRECTORS, ML-GROUP FOR POLICY STUDIES IN EDUCATION, CEMREL, INC; VINCENT BREGLIO, DECIMA RESEARCH, ACCOMPANIED BY RONALD HINCKLEY AND RICHARD BEAL, DECIMA RESEARCH

Mr. FORD. Who would like to begin? We will start with Dr. Vanecko.

STATEMENT OF JAMES VANECKO

Dr. VANECKO. Thank you, Mr. Chairman.

I am going to briefly summarize my testimony, and I would appreciate it if the written testimony was included in the record.

Mr. FORD. Without objection, your statement will be printed in full at this point in the record, and you may proceed to add to it or summarize it or in any way you see fit.

[The information referred to follows:]

STATEMENT OF
DR. JAMES J. VANECKO
SENIOR SOCIAL SCIENTIST AND
DEMONSTRATION PROJECT DIRECTOR

BEFORE

THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY,
AND VOCATIONAL EDUCATION
UNITED STATES HOUSE OF REPRESENTATIVES

NOVEMBER 1, 1977

Mr. Chairman, I am very pleased to testify before this committee concerning allocation policy in the Demonstration Study Abt Associates has conducted under contract to the National Institute of Education. The interpretations and opinions I offer are my own and do not necessarily represent those of the Institute.

I am accompanied today by Dr. Francis Archambault, the Deputy Director of this study; Mr. Peter Miller, Vice President of Abt Associates for Educational Research; and Ms. Ruth Scheer, Director of Field Operations for this study. Ms. Nancy Ames, the Director of Analysis for the project, was unable to accompany us today because of the recent birth of her daughter, Jessica, but certainly is here in spirit.

The testimony I am presenting supplements the NIE report on the Demonstration Study authored by Dr. Ann Milne and presented to you on September 30, 1977. The study includes 13 districts which were granted waivers of Title I regulations in order to modify the allocation of Title I resources to schools and students within the district.

I will begin by summarizing the allocation policies and processes adopted by these districts as well as important findings in two aspects of the study.* I will then discuss these findings in more detail.

As a result of their participation in the Demonstration, districts were given the opportunity to design and implement new procedures for determining which schools and students were eligible for and received Title I. They were also given the opportunity to concentrate or deconcentrate Title I services to students and schools (i.e., they were free

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*For more detailed analyses, see forthcoming report, J. Vanecko, F. Archambault, and N. Ames, ESEA Title I Allocation Policy: Demonstration Study -- Results of First Year Implementation. Cambridge, Mass.: Abt Associates Inc.

DEFINITIONS OF TERMS

EDUCATIONAL DISADVANTAGE = LOW ACHIEVEMENT

Measured by

1–1 Year or more below Grade Level on Reading Tests

2–½ Year or more below Grade Level on Reading Tests

ECONOMIC DISADVANTAGE = POOR

Measured by

1–Free Lunch
2–AFDC
3–100% Orshansky Index
4–75% Orshansky Index
5–125% Orshansky Index

MINORITY =

American Indian
Alaskan Native
Asian or Pacific Islander
Spanish American
Black, Not Spanish

to serve fewer (concentrate) or more (deconcentrate) schools and students than they had in the past). The thirteen districts reacted to this opportunity in a variety of ways.

All districts modified school eligibility and targeting rules, but in different ways. Six districts (see Chart #1) chose to target low-achieving students directly regardless of the schools they attended and, thus, to serve all elementary schools. These we refer to as "direct allocation" districts. Two districts chose to rank schools based on the proportion of students with low reading test scores and to target schools for service according to a procedure similar to that currently followed using poverty criteria. These we refer to as "achievement allocation." Three districts retain the current practice of targeting schools based on the proportion of students who are poor. Two of these three added schools based on the proportion of students with low test scores. Finally, two districts targeted all or almost all students in some schools and only those with low test scores in others.

It should be noted here that the selection of these options is related to district characteristics, particularly size. No large districts chose the direct allocation option, nor did any of them seriously consider this option during planning. On the average the direct allocation districts added ten schools to those already served by Title I. In the four largest districts a similar policy would mean adding an average of 54 schools per district. There is no doubt that the extension of Title I services to all schools in the larger districts would present very different administrative problems than they do in the smaller ones.

All districts chose to deconcentrate services by serving more schools and all but two by serving more students. However, there was a wide range of changes in the numbers of schools to which Title I service was extended, the numbers of students to whom Title I service was extended, and the alteration in the number of students served per school. There was also no simple uniform relationship between these changes and the results of newly adopted policies.

Chart 1

DIRECT ALLOCATION	
SIX DISTRICTS SERVE LOW ACHIEVING STUDENTS IN ALL ELEMENTARY SCHOOLS	Adams County #12, Colorado Harrison County, West Virginia Mesa, Arizona Newport, Rhode Island Racine, Wisconsin Santa Fe, New Mexico
ACHIEVEMENT ALLOCATION	
TWO DISTRICTS RANK SCHOOLS BY ACHIEVEMENT AND SERVE THOSE BELOW A CUT-OFF	Charlotte, North Carolina Winston-Salem, North Carolina
POVERTY & ACHIEVEMENT ALLOCATION	
THREE DISTRICTS RANK SCHOOLS BY POVERTY AND ADD SCHOOLS RANKED BY ACHIEVEMENT	Berkeley County, West Virginia Boston, Massachusetts Houston, Texas
STUDENT TARGETING EXPERIMENT	
TWO DISTRICTS MAKE INTRA-SCHOOL CHANGES	Alum Rock, California Yonkers, New York

Because of this and because the direct allocation option and the achievement allocation option are the clearest examples of policies under consideration by this Committee, I will focus my summary of the results on the effects of these two options.

The first group of results that I will summarize pertains to the changes in the characteristics of the students who receive Title I services, i.e., disadvantaged and those without disadvantage. Specifically, when we discuss disadvantage we compare students who are low achieving and those who are not, students from poor families and those not, and minority students and those not. Among other analyses, we have examined the proportion of students served by Title I who are disadvantaged (selectivity).

In the direct allocation districts, we found the following results, when we averaged across the six districts:

- There was an increase of 5% in the proportion of Title I students who were low achieving
- There was a decrease of 8% in the proportion of Title I students who came from poor families
- There was a zero change in the percent minority among Title I students.

The two achievement allocation sites showed results opposite from each other:

- In Charlotte, the proportion of Title I students who were low achieving, poor, and minorities all declined.
- In Winston-Salem, the proportion of Title I students who were low-achieving, poor, and minorities all increased.

The second group of results pertains to reading instruction received by Title I students. The results for the six direct allocation districts, the two achievement allocation districts, and the five others are quite similar and can be summarized as follows:

- There was generally a small decrease in the amount of time during which students receive compensatory reading instruction.

Chart 2

CHANGE IN CHARACTERISTICS OF STUDENTS SERVED BY TITLE I FOR SIX DIRECT ALLOCATION DISTRICTS

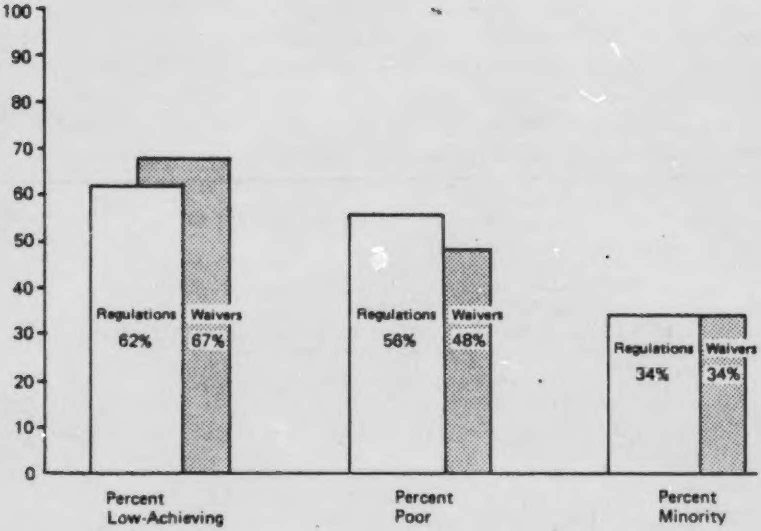

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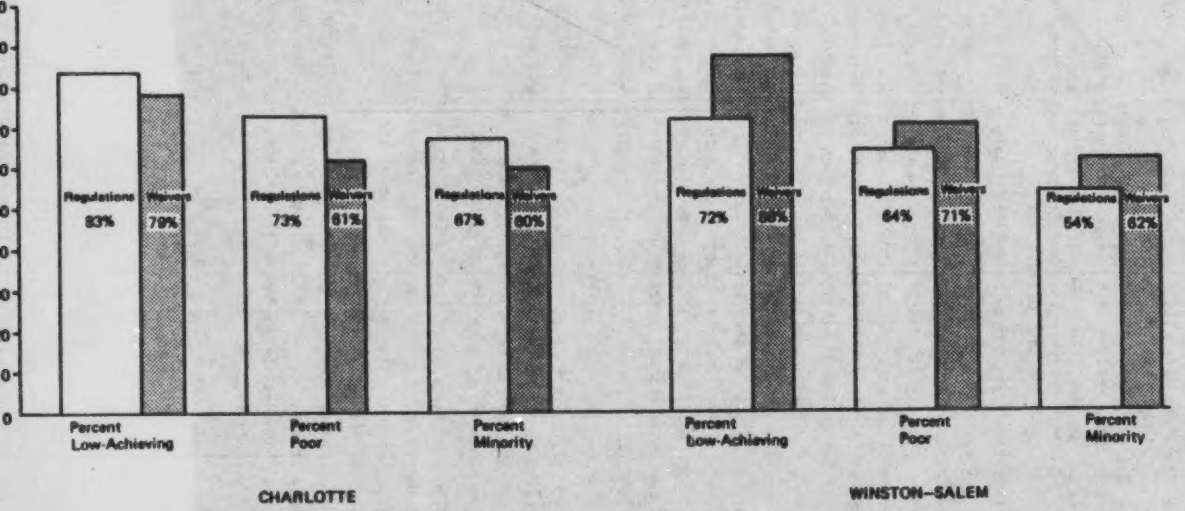
Chart 3

CHANGE IN CHARACTERISTICS OF STUDENTS SERVED BY TITLE I FOR TWO ACHIEVEMENT ALLOCATION DISTRICTS



- There was generally a concomitant and larger increase in regular reading instruction.
- Overall, Title I students gained a small amount of time in total reading instruction (compensatory plus regular).
- In addition, there were no significant changes in the quality of instruction--measured by instructional group size and the type of instructor.

This summarizes the major results. Before discussing them in more detail, I would like to comment on an issue that has frequently been raised as a problem with allocation based on achievement tests--that of disincentive. If money is allocated based on low test scores, then failure is rewarded. The extension of services under direct allocation policy does not necessarily raise the potential problem of disincentives, as does the determination of school eligibility based on achievement. However, since the direct allocation districts also tied the allocation of resources to schools based on the number of low-achieving students, schools do sometimes lose staff positions when test scores improve. Nevertheless, the evidence which we have for both groups of districts does not indicate any direct disincentive effects, but does suggest occasional morale problems. Principals sometimes express aggravation at the loss of staff.

In order to provide more detail on the results relating to the composition of the group of students served by Title I, and also of the group not served by Title I, I refer you to Chart #5. This chart describes six student groups defined by whether or not the students within them are disadvantaged, by their attendance at non-Title I or Title I schools, and finally by whether or not they are served by Title I.

The students who are disadvantaged are described in the upper portion of the chart; students who are not disadvantaged are described in the bottom portion. The size of these upper and lower portions reflects the proportion of all the students in the district who are and who are not disadvantaged. Each of these two portions are divided into three groups: those students served by Title I (#1, #4), those students in Title I schools and not served (#2, #5), and those students who are in non-Title I schools (#3, #6).

Chart 4
CHANGES IN COMPENSATORY READING FOR TITLE I STUDENTS IN MINUTES PER DAY

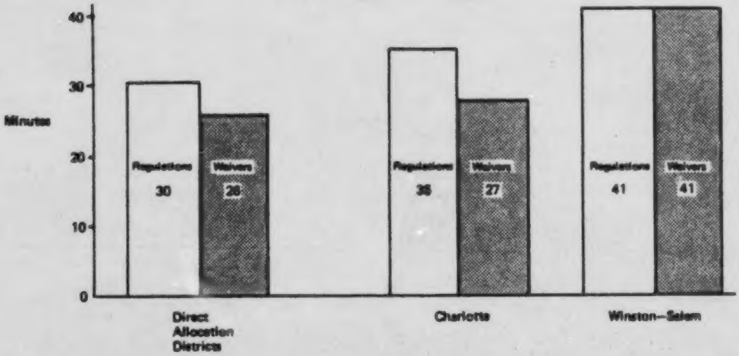


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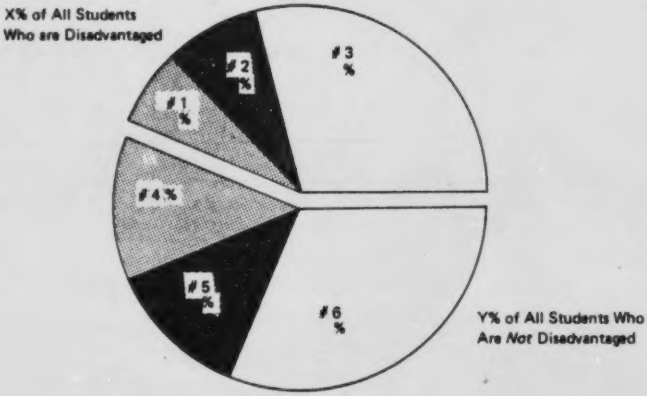
Chart 5

PIE CHART INDICATING THE DIVISION OF THE ENTIRE ELEMENTARY SCHOOL POPULATION INTO THOSE WHO ARE DISADVANTAGED AND THOSE WHO ARE NOT AND SHOWING THE ALLOCATION OF TITLE I SERVICES ACROSS THOSE GROUPS*



▨ = Students Served by Title I

■ = Students in Title I Schools Who Do Not Receive Title I Services

☐ = Students in Non-Title I Schools

* Characteristics = $\frac{\#1}{\#1 + \#4}$; Coverage = $\frac{\#1}{\#1 + \#2 + \#3}$

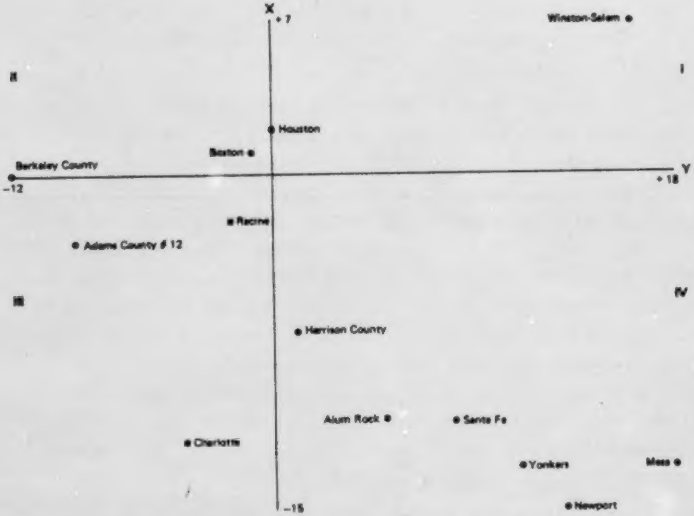
Our analyses of these student composition data followed two general approaches. First, we analyzed the coverage of disadvantaged students which Title I achieves, i.e., the proportion of all disadvantaged students served [Group #1/(Group #1 + Group #2 + Group #3)]. Second, we analyzed the characteristics of those actually served by Title I, i.e., the proportion of those served who may be classified as having a particular form of disadvantage [Group #1/(Group #1 + Group #4)]. This we refer to as "selectivity". We include three characteristics in our analysis: low achievment, poverty, and minority group membership.

Because most of the districts have chosen to extend their Title I services to more students, it may not be surprising that for each type of disadvantage the proportion of such students who receive Title I services increases. (See Appendix, Tables A-1 through A-3.) In most cases (69%), the increased coverage of disadvantaged students brought about by expanding services exceeds the increased coverage of non-disadvantaged students. By and large, disadvantaged students are being selected by the Title I program both under current regulations and under the new allocation procedures adopted by these thirteen districts. However, while the changes do generally lead to increased coverage of disadvantaged students, the selectivity of these students is not uniform for different types of disadvantage nor for different districts. This is indicated by the analysis of characteristics of students served by Title I, i.e., the proportion of the students served by Title I who are disadvantaged.

The results of the analysis of changes in student characteristics occurring because of the allocation policy changes in these districts can most easily be summarized in a simple graph plotting the changes in two of the variables, proportion of Title I students who are economically disadvantaged. Chart #6 does this. (The detailed data for this chart is in the Appendix, Table A-6.) Districts falling in the lower portion of the chart (Quadrant IV) are those which had increases in the proportion of Title I students who are educationally disadvantaged and decreases in the proportion who are economically disadvantaged. Six of the thirteen districts fall in this quadrant--

Chart 6

COMPARISON OF CHANGES IN THE PROPORTIONS OF TITLE I STUDENTS WHO ARE EDUCATIONALLY DISADVANTAGED AND WHO ARE ECONOMICALLY DISADVANTAGED



X = Change in proportion who are free lunch participants among Title I students

Y = Change in proportion who read one year or more below grade level among Title I students

Alum Rock, California; Harrison County, West Virginia; Mesa, Arizona; Newport, Rhode Island; Santa Fe, New Mexico; and Yonkers, New York. Three show decreases in both types of disadvantage, falling in Quadrant III, the lower left hand portion (Adams County #12, Colorado; Charlotte, North Carolina; and Racine, Wisconsin). Only one district shows increases in both aspects of disadvantage, and therefore falls in the upper right hand quadrant (Winston-Salem, North Carolina).

Educational disadvantage is defined here as achievement one year or more below grade level, as reported by teachers. In all but one of the districts, the majority of Title I students were educationally disadvantaged to this degree. (The average across all thirteen districts equals 65% in 1975-76 and 69% in 1976-77.) When we include students who are a half year or more below grade level, we find that, on the average, 87% of those served by Title I prior to the Demonstration were educationally disadvantaged. (See Table A-7 in the Appendix.) Under waivers, this average increased to 90%. These results indicate that for the most part the students selected to receive Title I were educationally disadvantaged students both under existing regulations and under waivers. Thus, what the majority of these districts did under the waivers was to shift to serving the most educationally disadvantaged students, i.e., the most cases of increases and the larger increases are among those students one year or more below grade level. (See Chart A-8 in the Appendix.)

The contrasting result for students who are economically disadvantaged is that the decrease in those served by Title I is fairly consistent across the districts but varies from a -2% decline to a -15% decline.

It is interesting to note that there are no districts in the upper right-hand portion of Quadrant IV. No districts significantly increased their proportion of Title I students who are educationally disadvantaged while keeping the decrease in economically disadvantaged students to a minimum.

The final point with regard to selectivity of students is that the proportion of Title I students who are minority group members changes very little. The average decline was -3%. Again though, the variation was important. The decline varied from -1% to -19%. (See Appendix, Table A-6.)

The results are obviously not uniform across the thirteen districts. It is useful to illustrate these in more detail for districts with contrasting changes. Thus, we have provided a pie chart showing the composition of student groups for three of the direct allocation sites in Quadrant IV--Harrison County, West Virginia; Santa Fe, New Mexico; and Mesa, Arizona; and for the two sites which determine eligibility of schools based on achievement tests but fall in different quadrants--Charlotte (Quadrant III) and Winston-Salem (Quadrant I), North Carolina.

Harrison County increased the proportion of Title I students who are low achieving only minimally (1%) while the concommitant decrease in those who are poor was moderate (-7%). Overall, the deconcentration of Title I extended services from 21% of all students to 28% of all students. Thus, there were expansions for all four groups served by Title I, but the expansion among students who were not low achieving equalled that for the low achieving and the expansion among those students who were not poor exceeded that for those who were poor.

Santa Fe is a case which falls into about the middle of the quadrant--with a moderate increase in the percent of Title I students who are low achieving (8%) and a moderate decrease in those who are poor (11%). The deconcentration of Title I extended services to a similar degree as in Harrison County, from 18% of all students to 24% of all students. Again, Title I services were expanded among all four groups, but the expansion among the low achieving exceeds that among those who were not. The expansion among the poor was also less than among the non-poor.

The third direct allocation site, Mesa, Arizona, is one in which the increases in the proportion low achieving (18%) and the decrease in the proportion who were poor (-13%) were both large. Mesa did not deconcentrate services across students even though they were deconcentrated across schools. Indeed, services were even more concentrated across students than previously and, thus, fewer students were served per school. In this case, there was an expansion of Title I services among the low achieving while there was a contraction of Title I services among each of the other three groups.

These three cases illustrate the manner in which changes in the characteristics of Title I students took place for the direct allocation districts, as well as the variation across districts in the patterns of change and the size of the change.

The next two sets of charts illustrate the changes in student composition for the districts which changed the eligibility criteria for schools from poverty to achievement, thus removing Title I services from some schools and initiating services in others.

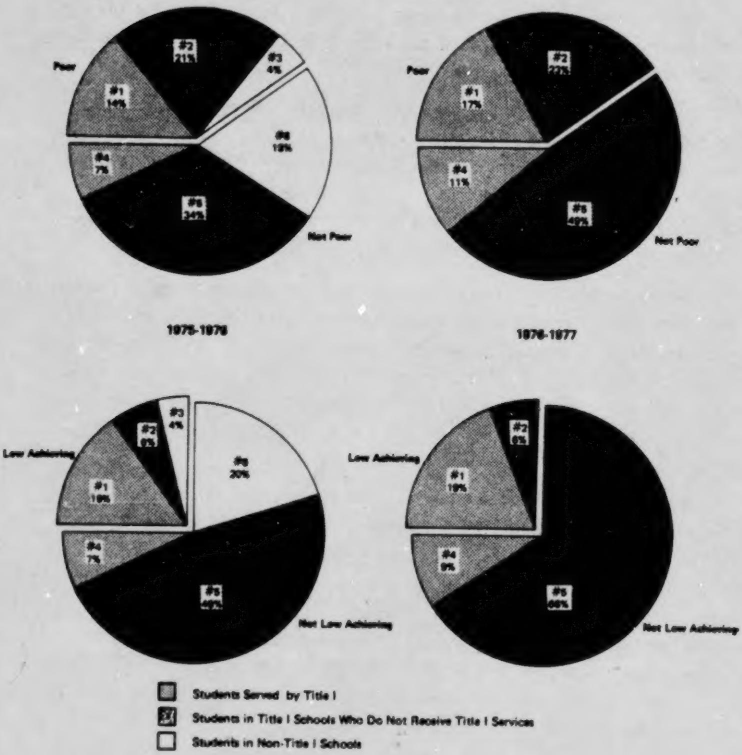
Charlotte, North Carolina had decreases in the proportion of both low achieving and poor students. The deconcentration of Title I extended services from 21% to 27% of all students in the district. The extension resulted in expansion among all four groups, but the expansion among each of the groups without disadvantage was greater than that among those who were disadvantaged.

Winston-Salem exhibits the most unusual results among the Demonstration districts and presents a pattern that is the opposite of Charlotte. There were large increases in both the proportion of low achieving (16%) and poor (7%) students. Title I deconcentration extended services only slightly in Winston-Salem from 12% to 15% of all students. The expansion of services however, took place only among low achieving and poor students. There was no expansion among those who were not disadvantaged.

We conclude from our analysis of student characteristics that the changes in the eligibility and targeting of schools together with the distribution of resources to more schools results in smaller proportions of poor students being served. The changes in the eligibility and targeting of students per school results in a larger proportion of students who are poor readers being served. Further, it appears that in most districts similar increases in the proportion of low achieving students served could be obtained without changing school eligibility and targeting, or with very small changes in them. (See Appendix, Table A-4.)

Chart 7
PIE CHART INDICATING THE DIVISION OF THE ENTIRE ELEMENTARY SCHOOL POPULATION INTO THOSE WHO ARE DISADVANTAGED AND THOSE WHO ARE NOT AND SHOWING THE ALLOCATION OF TITLE I SERVICES ACROSS THOSE GROUPS*

School District – Harrison County, West Virginia

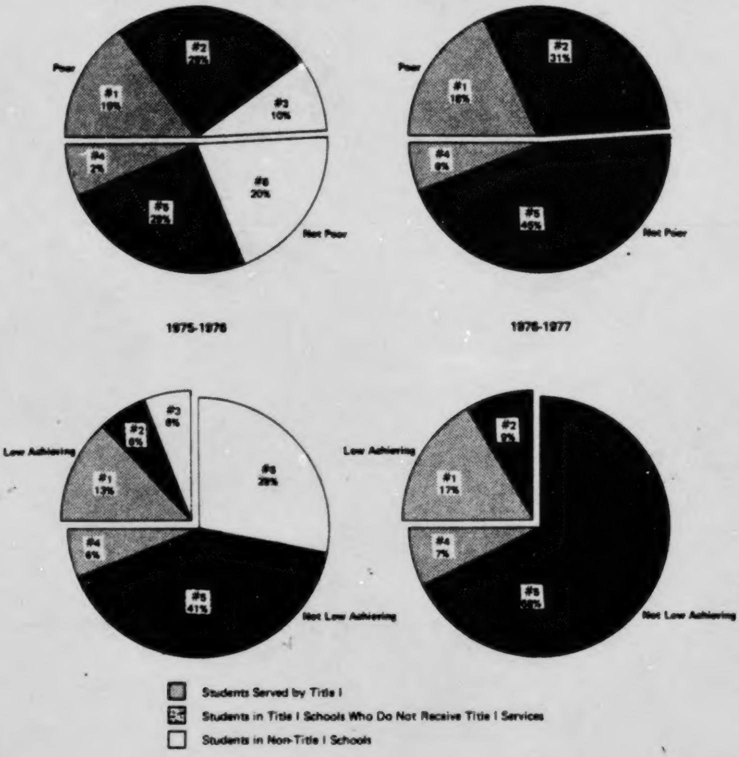


*Characteristics = $\frac{\#1}{\#1 + \#4}$; Coverage = $\frac{\#1}{\#1 + \#2 + \#3}$

Chart 8

PIE CHART INDICATING THE DIVISION OF THE ENTIRE ELEMENTARY SCHOOL POPULATION INTO THOSE WHO ARE DISADVANTAGED AND THOSE WHO ARE NOT AND SHOWING THE ALLOCATION OF TITLE I SERVICES ACROSS THOSE GROUPS*

School District – Santa Fe, New Mexico

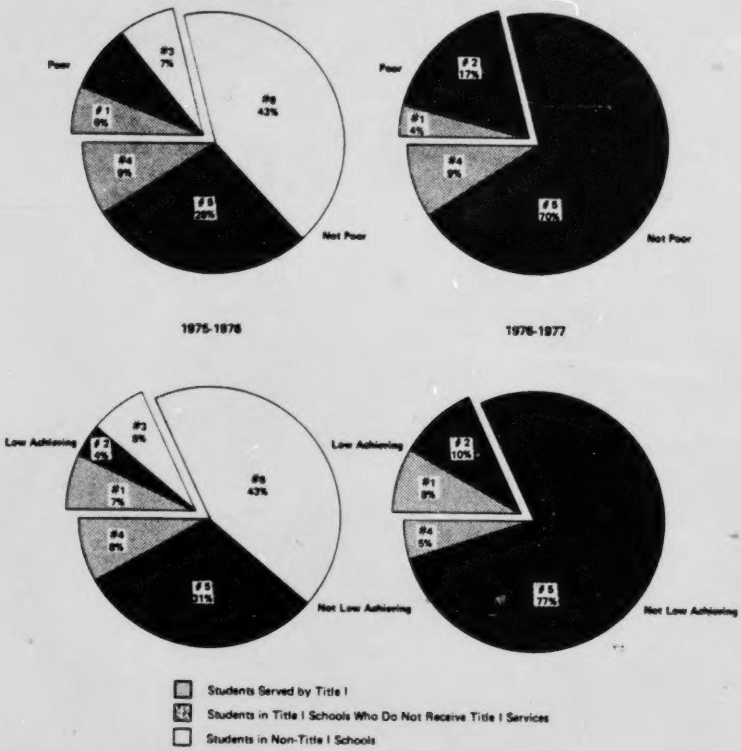


$$^{*}\text{Characteristics} = \frac{\#1}{\#1 + \#4}\ ;\ \text{Coverage} = \frac{\#1}{\#1 + \#2 + \#3}$$

Chart 9

PIE CHART INDICATING THE DIVISION OF THE ENTIRE ELEMENTARY SCHOOL POPULATION INTO THOSE WHO ARE DISADVANTAGED AND THOSE WHO ARE NOT AND SHOWING THE ALLOCATION OF TITLE I SERVICES ACROSS THOSE GROUPS*

School District – Mesa, Arizona

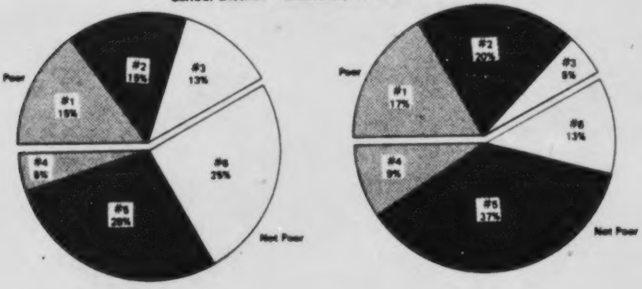


*Characteristics = $\frac{\#1}{\#1 + \#4}$; Coverage = $\frac{\#1}{\#1 + \#2 + \#3}$

Chart 10

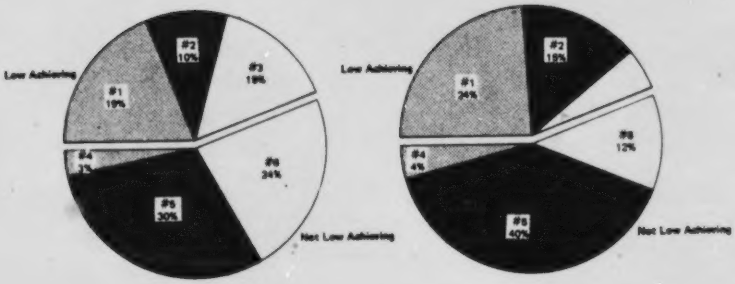
PIE CHART INDICATING THE DIVISION OF THE ENTIRE ELEMENTARY SCHOOL POPULATION INTO THOSE WHO ARE DISADVANTAGED AND THOSE WHO ARE NOT AND SHOWING THE ALLOCATION OF TITLE I SERVICES ACROSS THOSE GROUPS*

School District – Charlotte, North Carolina



1975-1976

1976-1977



▨ Students Served by Title I

▩ Students in Title I Schools Who Do Not Receive Title I Services

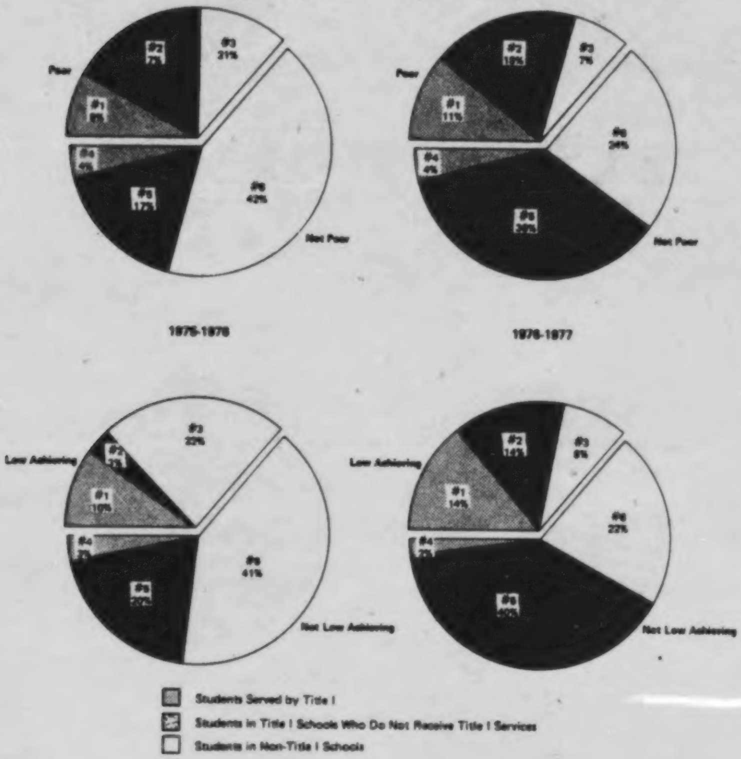
☐ Students in Non-Title I Schools

*Characteristics = $\frac{\#1}{\#1 + \#4}$; Coverage = $\frac{\#1}{\#1 + \#2 + \#3}$

Chart 11

PIE CHART INDICATING THE DIVISION OF THE ENTIRE ELEMENTARY SCHOOL POPULATION INTO THOSE WHO ARE DISADVANTAGED AND THOSE WHO ARE NOT AND SHOWING THE ALLOCATION OF TITLE I SERVICES ACROSS THOSE GROUPS*

School District — Winston-Salem, North Carolina



*Characteristics = $\frac{\#1}{\#1 + \#4}$; Coverage = $\frac{\#1}{\#1 + \#2 + \#3}$

This completes my discussion of the effects of the Demonstration on the type of students in the thirteen districts. Now, I will describe the results with regard to the instruction received by Title I students.

Since the large majority of the Title I money allocated to the Demonstration districts has been used to support language arts instruction, the analyses of instructional changes we have performed focus on this content area. To simplify this discussion we will simply use the term "reading" to include all language arts. There are three aspects of this instruction which we have chosen to discuss here: amount of instruction; measured in minutes of instruction received per day; the size of the groups in which this instruction is received; and the type of instructor directly involved in the delivery of this instruction. The first of these is an indication of the quantity of instruction received; the latter two are indicators of the quality of that instruction. That is, size of groups and type of instructor provide information about the conditions of instructional delivery and thus give us an indication of the quality of the instruction.

Changes in the amount of compensatory reading instruction received by the average Title I student in all thirteen districts were generally small and not statistically significant. However, Title I students in nine of the districts lost some compensatory reading as a result of the Demonstration while students in only two sites realized gains. (See Appendix Table A-9 for the detailed results.) These small changes in quantity of instruction were likewise accompanied by minor changes in the quality of instruction. In fact, changes exceeded levels which may be predicted by chance alone in only one site for group size and in only two sites for teacher type.

It is important to consider these instructional findings in light of the changes in numbers of schools and students served brought about by the Demonstration. What these findings appear to be saying is that districts can significantly increase the number of students receiving Title I services, thereby reducing their Title I per pupil expenditure, without significantly affecting either the quantity or quality of the services they receive. Based on data available to us at this time, however, we believe that this conclusion would be erroneous for two reasons. First, in order to provide these services to the elementary grades, which were the focus of our research, services delivered to other grade levels and services other than reading delivered to the elementary grades were sometimes discontinued. Therefore, although per pupil expenditures for reading were reduced in a number of districts, they were not reduced as much as they may have been had these changes in programmatic emphasis not been made. Second, a number of the districts were able to use large portions of their carryover monies, as well as monies from other sources, to support their Title I programs in 1976-77. Although we are unable to predict exactly how long such monies would be available, and therefore how long the districts could serve more students without significantly diluting the services they receive, it does appear that a number of the districts could not afford to continue their Demonstration Title I programs for many more than a few years.

As with the results for student composition, the instructional services results varied a great deal across districts. The extent of this variation can be illustrated by examining the same districts which I did with regard to the student composition results.

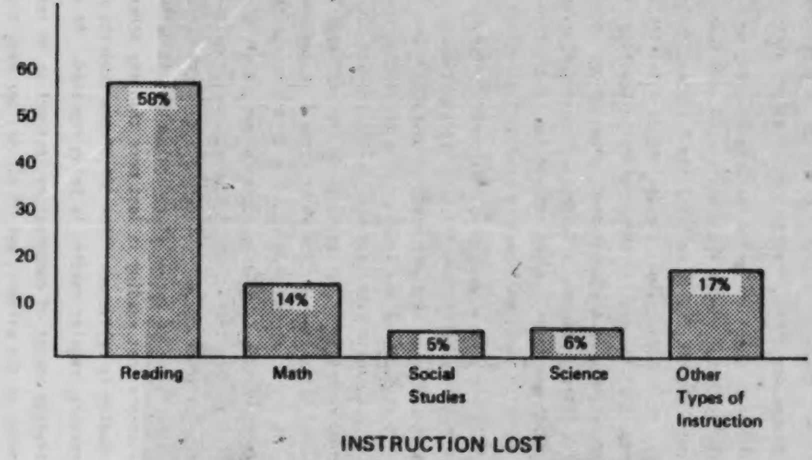
The three relevant direct allocation districts exhibit varied changes in the minutes per day in compensatory reading instruction received by Title I students and in the additional minutes per day in total reading instruction (compensatory plus regular instruction). For Harrison County, there is a two minute per day increase in compensatory reading instruction while the amount of additional (above non-Title I students) total instruction which Title I students receive is down by one minute. These are insignificant differences. For Santa Fe, there is a decrease of three minutes per day in compensatory reading instruction of Title I students, while the amount of additional total instruction is down by eleven minutes per day. The Title I students in Santa Fe are receiving less compensatory instruction and regular instruction; the non-Title I students also seem to be receiving more regular instruction than they previously did. In the third direct allocation district, Mesa, compensatory reading instruction for Title I students declined by fifteen minutes per day and the additional total instruction for Title I decreased by nine minutes per day. Thus, in Mesa there was a significant loss in total instruction and it was accounted for totally by the loss of compensatory instruction.

Charlotte and Winston-Salem again provide informative contrasts. In Charlotte, compensatory instruction declined by eight minutes per day and the additional time for Title I students in total instruction declined by ten minutes. Thus, the decline in total instruction is largely the result of the loss of compensatory instruction for Title I students. Winston-Salem, on the other hand, shows no decline in compensatory instruction for Title I students. There is, however, a six minute per day increase in additional total reading instruction, indicating that Title I students are receiving additional regular reading instruction.

Before concluding this general discussion of instructional services, we feel that it is important to highlight another of our findings. In this discussion, we consider reading instruction paid for by the district as well as that supported by Title I. The assumption frequently made, because of Title I prohibitions against supplanting and the accompanying comparability requirements, is that each minute of compensatory reading instruction is added to the instruction which Title I students would normally get from their district's reading program. Our data indicate that this is not the case. In fact, we have found that students who are given compensatory reading instruction tend to lose district supported reading instruction more than any other type of instruction. (Given a fixed-length school day, some instruction has to be lost when compensatory instruction is delivered. However, our data indicate that reading is lost more than any other subject when compensatory reading is delivered.) For 58% of the students receiving compensatory reading, regular reading is being replaced. As a consequence, while the average amount of compensatory instruction in reading for Title I students, prior to the waivers, was 35 minutes per day, they received only 13 minutes per day more total instruction (compensatory plus regular) than non-Title I students. Subsequent to the waivers, while the average amount of compensatory instruction decreased to 30 minutes per day for Title I students, they received 14 minutes more per day in total instruction than non-Title I students. (See Appendix, Table A-10 for detailed results.) Title I students receive approximately 10% more instructional time than non-Title I students rather than the 21% to 26% that they would if there was no replacement of reading instruction.

Chart 12

PERCENT OF VARIOUS TYPES OF INSTRUCTION LOST WHEN TITLE I READING IS RECEIVED



In conclusion, while it is most accurate to say that the allocation options chosen by these thirteen districts varied considerably and the results of these procedures and processes varied, I believe that our findings hold some important implications for future Title I policy.

First, if the goal of Title I is to increase the proportion of served students who are low achieving, this can be done using the allocation options selected by the Demonstration districts. The increases that can be made, however, are not large. Further, it does seem that such increases can be made through more stringent student selection procedures as effectively as they can through altering school eligibility rules to achievement rules. If Title I is to target exclusively on low achieving students, both could be changed.

Second, if Title I is to continue selecting exactly the same proportion of students who live in poverty, then school eligibility rules currently in practice are probably required. The allocation options chosen by the districts result in no wholesale loss of service for poor or minority students when these rules are abandoned, but there is a small decline.

Third, no districts achieved large increases in the proportion of Title I students who were low achieving while minimizing the decline for poor students. If that is the goal for Title I, then the combination of some form of school eligibility based on poverty or on poverty plus achievement level with more stringent student selection rules is necessary.

Fourth, if the intent of Congress is to insure that every minute of Title I reading instruction is in addition to regular reading instruction, then it is necessary to establish new regulations and guidelines which will guarantee this.

Finally, while these districts served more students without reducing the level of service, they cannot do so for long without an increase in funding.

APPENDIX

Detailed Tables and Charts

Table A-1
PERCENT OF ALL LOW-ACHIEVING* CHILDREN WHO PARTICIPATE IN TITLE I

DISTRICT/CRITERIA	1975-1976 (PERCENT)	1976-1977 (PERCENT)	CHANGE
Districts that serve low-achieving students in all elementary schools			
Adams County #12	7	29	22
Harrison County	59	75	16
Mesa	38	47	9
Newport	20	44	24
Racine	14	44	30
Santa Fe	51	66	15
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	44	54	10
Winston-Salem	26	38	12
Districts that rank schools primarily by poverty			
Berkeley County	26	45	19
Boston	47	59	12
Houston	21	17	– 4
Districts making primarily intra-school changes			
Alum Rock	27	99	72
Yonkers	54	47	– 7
Average	33	51	18

* Read 1 year or more below grade level.

Table A-2
PERCENT OF ALL FREE AND REDUCED-PRICE LUNCH RECIPIENTS WHO PARTICIPATE IN TITLE I

DISTRICT/CRITERIA	1975-1976 (PERCENT)	1976-1977 (PERCENT)	CHANGE
Districts that serve low-achieving students in all elementary schools			
Adams County #12	3	14	11
Harrison County	36	42	6
Mesa	28	20	– 8
Newport	15	22	7
Racine	8	25	17
Santa Fe	30	36	6
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	35	40	5
Winston-Salem	23	31	8
Districts that rank schools primarily by poverty			
Berkeley County	19	35	16
Boston	31	40	9
Houston	21	15	– 6
Districts making primarily intra-school changes			
Alum Rock	29	96	67
Yonkers	53	50	– 3
Average	26	36	10

Table A-3
PERCENT OF ALL MINORITY CHILDREN WHO PARTICIPATE IN TITLE I

DISTRICT/CRITERIA	1975-1976 (PERCENT)	1976-1977 (PERCENT)	CHANGE
Districts that serve low-achieving students in all elementary schools			
Adams County #12	2	15	13
Harrison County	30	35	5
Mesa	27	21	– 6
Newport	10	22	12
Racine	7	24	17
Santa Fe	23	29	6
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	32	39	7
Winston-Salem	20	28	8
Districts that rank schools primarily by poverty			
Berkeley County	26	39	13
Boston	30	38	8
Houston	15	15	0
Districts making primarily intra-school changes			
Alum Rock	28	95	67
Yonkers	61	54	– 7
Average	24	35	11

Table A-4

PERCENT OF LOW-ACHIEVING CHILDREN WHO WERE IN TITLE I SCHOOLS AND DID NOT RECEIVE TITLE I SERVICES IN YEAR 1 COMPARED WITH THE PERCENT INCREASE IN LOW-ACHIEVING CHILDREN SERVED DURING THE DEMONSTRATION

DISTRICT/CRITERIA	PERCENT OF LOW-ACHIEVING CHILDREN IN TITLE I SCHOOLS AND NOT SERVED BEFORE THE DEMONSTRATION	PERCENT INCREASE IN LOW-ACHIEVING CHILDREN SERVED DURING THE DEMONSTRATION
Districts that serve low-achieving students in all elementary schools		
Adams County #12	16	22
Harrison County	24	16
Mesa	21	9
Newport	15	24
Racine	23	30
Santa Fe	25	15
Districts that rank schools by achievement and serve fewer than all elementaries		
Charlotte	23	10
Winston-Salem	9	12
Districts that rank schools primarily by poverty		
Berkeley County	44	19
Boston	19	12
Houston	16	– 4
Districts making primarily intra-school changes		
Alum Rock	25	72
Yonkers	8	– 7
Average	21	18

Table A-5

PERCENT OF CHILDREN WHOSE READING ACHIEVEMENT IS BETTER THAN 1 YEAR BELOW GRADE LEVEL AND PARTICIPATE IN TITLE I

DISTRICT/CRITERIA	1975-1976 (PERCENT) (1)	1976-1977 PERCENT (2)	CHANGE (2-1)
Districts that serve low-achieving students in all elementary schools			
Adams County #12	0	3	3
Harrison County	9	12	3
Mesa	10	6	– 4
Newport	5	8	3
Racine	3	6	3
Santa Fe	9	9	0
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	5	10	5
Winston-Salem	5	3	– 2
Districts that rank schools primarily by poverty			
Berkeley County	4	13	9
Boston	11	20	9
Houston	6	5	– 1
Districts making primarily intra-school changes			
Alum Rock	25	90	65
Yonkers	12	12	0
Average	8	15	7

Table A-6
CHANGES IN THE PERCENTAGE OF TITLE I STUDENTS WHO ARE LOW ACHIEVING, POOR, AND/OR MINORITY GROUP MEMBERS

DISTRICT/CRITERIA	PERCENTAGE LOW ACHIEVING[1]			PERCENTAGE POOR[2]			PERCENTAGE MINORITY GROUP MEMBERS[3]		
	1975-76	1976-77	CHANGE	1975-76	1976-77	CHANGE	1975-76	1976-77	CHANGE
Districts that serve low-achieving students in all elementary schools									
Adams County #12	83	74	–9	24	21	–3	19	26	7
Harrison County	67	68	1	65	58	–7[*]	6	4	–2
Mesa	44	62	18[*]	45	32	–13[*]	29	24	–5
Newport	53	66	13	77	62	–15	21	24	3
Racine	60	58	–2	44	42	–2	43	43	0
Santa Fe	64	72	8[*]	86	75	–11[*]	87	83	–4
Districts that rank schools by achievement and serve fewer than all elementaries									
Charlotte	83	79	–4[c]	73	61	–12[*]	67	60	–7[*]
Winston-Salem	72	88	16[c]	64	71	7[*]	54	62	8[*]
Districts that rank schools primarily by poverty									
Berkeley County	79	67	–12[c]	57	57	0	11	8	–3
Boston	65	64	–1	91	92	1	73	73	0
Houston	67	67	0	83	85	2	99	98	–1
Districts making primarily intra-school changes									
Alum Rock	49	54	5[*]	89	78	–11[*]	87	78	–9[c]
Yonkers	61	72	11[c]	85	72	–13[c]	89	70	–19[*]
Average	65	69	4	68	62	–6	53	50	–3

[1] Low achieving is defined here as reading one year or more below grade level, based on Classroom Roster information.

[2] Poverty is defined here as participating in the free lunch program, based on Classroom Roster information

[3] Minority group membership is defined here as all other races besides White/not of Hispanic origin, based on Classroom Roster information.

[*] Significant at $P \leq .05$.

[c] Significant at $P \leq .05$, but confounded by changes in the non-Title I group or in the distribution of students across schools within the district.

Table A-7
CHANGES IN THE PERCENTAGE OF TITLE I STUDENTS READING AT THREE DIFFERENT ACHIEVEMENT LEVELS

DISTRICTS	1 YEAR OR MORE BELOW GRADE LEVEL			APPROXIMATELY ½ YEAR BELOW GRADE LEVEL			AT GRADE LEVEL OR ABOVE		
	1975-76	1976-77	CHANGE	1975-76	1976-77	CHANGE	1975-76	1976-77	CHANGE
Districts that serve low-achieving students in all elementary schools									
Adams County #12	83	74	–9	12	24	12	5	2	–3
Harrison County	67	68	1	26	25	–1	7	7	0
Mesa	44	62	18	26	23	–3	30	15	–15
Newport	53	66	13	30	25	–5	17	9	–8
Racine	60	58	–2	34	31	–3	6	11	5
Santa Fe	64	72	8	26	20	–6	10	8	–2
Districts that rank schools by achievement and serve fewer than all elementaries									
Charlotte	83	79	–4	13	14	1	4	7	3
Winston-Salem	72	88	16	23	11	–12	5	1	–4
Districts that rank schools primarily by poverty									
Berkeley County	79	67	–12	13	23	10	8	10	2
Boston	65	64	–1	20	23	3	15	13	–2
Houston	67	67	0	20	20	0	13	13	0
Districts making primarily intra-school changes									
Alum Rock	49	54	5	26	20	–6	25	26	1
Yonkers	61	72	11	18	12	–6	21	17	–4
Average	65	69	4	22	21	–1	13	11	–2

Chart A–8
COMPARISON OF CHANGES IN THE CHARACTERISTICS
OF TITLE I STUDENTS AT DIFFERENT ACHIEVEMENT LEVELS

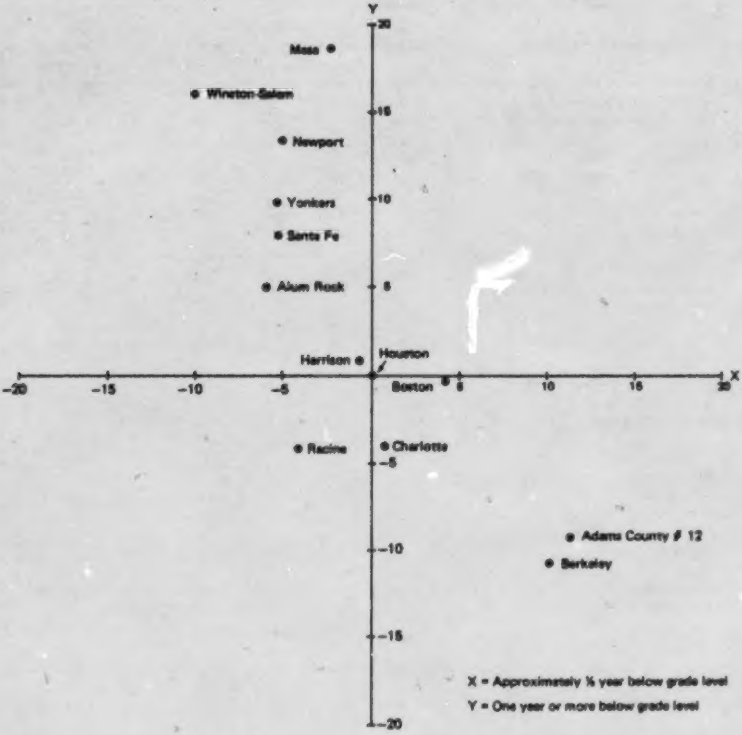


Table A-9
TIME (MINUTES PER DAY) SPENT IN COMPENSATORY LANGUAGE ARTS INSTRUCTION FOR TITLE I STUDENTS IN THE DEMONSTRATION DISTRICTS*

DISTRICT/CRITERIA	COMPENSATORY LANGUAGE ARTS		
	1975-76**	1976-77***	CHANGE
Districts that serve low-achieving students in all elementary schools			
Adams County #12	28	27	− 1
Harrison County	28	30	2
Mesa	37	22	−15†
Racine	34	25	− 9†
Santa Fe	27	24	− 3
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	35	27	− 8†
Winston-Salem	41	41	0
Districts that rank schools primarily by poverty			
Berkeley County	35	26	− 9
Boston	41	34	− 7
Houston	38	34	− 4
Districts making primarily intra-school changes			
Alum Rock	41	31	−10
Yonkers	30	35	5
Average	35	30	− 5

---

* Newport is excluded from analyses that depend on the Classroom Activities Log (CAL) because the sample of students receiving language arts instruction was too small to permit reliable estimate. Program changes in Newport will be presented in technical reports to be published by Abt Associates Inc.

** N = 412

*** N = 630

† Change is significant at the .05 level.

Table A-10

TIME (MINUTES PER DAY) SPENT IN TOTAL LANGUAGE ARTS INSTRUCTION FOR TITLE I AND NON-TITLE I STUDENTS IN THE DEMONSTRATION DISTRICTS*

DISTRICT/CRITERIA	TITLE I STUDENTS			NON-TITLE I STUDENTS		
	1975-76	1976-77	CHANGE	1975-76	1976-77	CHANGE
Districts that serve low-achieving students in all elementary schools						
Adams County #12	137	144	7	121	132	11
Harrison County	148	146	– 2	131	130	– 1
Mesa	133	138	5	111	125	14
Racine	146	149	3	131	140	9
Santa Fe	138	131	– 7	115	119	4
Districts that rank schools by achievement and serve fewer than all elementaries						
Charlotte	132	121	– 11†	112	111	– 1
Winston-Salem	153	165	12††	136	144	8
Districts that rank schools primarily by poverty						
Berkeley County	146	167	21	145	150	5
Boston	131	140	9	108	111	3
Houston	160	179	19†	149	158	8
Districts making primarily intraschool changes						
Alum Rock	109	126	17	107	112	5
Yonkers	97	137	40††	106	141	35
Average	136	145	9	123	131	8

* Newport is excluded from analyses that depend on the Classroom Activities Log (CAL) because the sample of students receiving language arts instruction was too small to permit reliable estimates. Program changes in Newport will be presented in technical reports to be published by Abt Associates Inc.

** N = 412

*** N = 630

† Change is significant at the .05 level.

†† Change is significant at the .05 level, but occurs systemwide (for the non-Title I group as well).

Chart A–11
STAGES IN THE ALLOCATION PROCESS FOR TITLE I ESEA FUNDS DISTRIBUTION

	Decision Level in the Allocation Process and Level of Administrative Responsibility	TYPE OF DECISION AND ACTION	STAGES
INTER-DISTRICT ALLOCATION	Decisions and Actions of the U.S. Commissioner Allocating Resources to States and to Counties Level I	Eligibility of States for Funds	1
		Targeting of Funds to Eligible SEAs (Counties)	2
		Proportional Distribution of Resources to States and Counties	3
	Decisions and Actions of SEAs Allocating Resources to LEAs Level II	Eligibility of LEAs Based on Distribution of Poor Students	4
		Targeting Eligible LEAs for Grants Based on Applications	5
		Proportional Distribution of Resources to Counties and Sub-counties. Redistribution of Excess Funds	6
INTRA-DISTRICT ALLOCATION	Decisions and Actions of LEAs Allocating Resources to Schools Level III	Eligibility of Schools Based on Concentration of Poor Students	7
		Targeting of Schools Based on Percent, or Number, or Both, of Poor Students	8
		Proportional Distribution of Resources to Targeted Schools in Order to Serve the Neediest and Concentrate Services Effectively	9
	Decisions and Actions of School and Program Staff Allocating Resources to Students Level IV	Eligibility of Students Based on Educational Disadvantage	10
		Targeting of Students Based on Greatest Need	11
		Proportional Distribution of Services According to Need	12

Dr. **VANECKO**. Thank you.

My testimony concerns allocation policy in the demonstration study which ABT Associates has conducted under contract with the National Institute of Education.

The interpretations and opinions offered are my own, and do not necessarily represent those of the Institute.

I am accompanied by Dr. Francis Archambault, the Deputy Director for the study, and Ms. Ruth Sheer, Director of Field Operations for this study.

Ms. Sheer also doubles as a chart turner.

The testimony I am presenting supplements the NIE report in the demonstration study authorized by Dr. Ann Milne presented to you on September 30, 1977.

The study includes as you just heard thirteen districts which were granted waivers of Title I regulations in order to modify the allocation procedures with which they distributed resources to schools and students.

I will begin by summarizing the allocation policies. I will then summarize findings. Finally, I will discuss conclusions which we have reached.

As a result of their participation in the demonstration, districts were given the opportunity to design and implement new procedures for determining which schools and students were eligible for and received Title I. They were also given the opportunity to concentrate or deconcentrate Title I services to students and schools. The thirteen districts reacted to this opportunity in a variety of ways.

All districts modified school eligibility and targeting rules, but in different ways. Six districts, as indicated in Chart No. 1, chose to target low-achieving students directly regardless of the schools they attended and, thus, to serve all elementary schools. These we refer to as "direct allocation" districts.

Two districts chose to rank schools based on the proportion of students with low reading test scores and to target schools for service according to a procedure similar to that currently followed using poverty criteria. These we refer to as "achievement allocation".

Three districts retain the current practice of targeting schools based on the proportion of students who are poor. Two of these three added schools based on the proportion of students with low test scores.

Finally, two districts targeted all or almost all students in some schools and only those with low test scores in others.

It should be noted here that the selection of these options is related to district characteristics, particularly size. No large districts chose the direct allocation option, nor did any of them seriously consider this option during planning.

On the average the direct allocation districts added ten schools to those already served by Title I. In the four largest districts a similar policy would mean adding an average of 54 schools per district. There is no doubt that the extension of Title I services to all schools in the larger districts would present very different administrative problems than they do in the smaller ones.

All districts chose to deconcentrate services by serving more schools and all but two by serving more students. However, there was a wide range of changes in these numbers.

Because of this variation, and because of the policies chosen, I am going to concentrate on the direct allocation districts and the achievement allocation districts in my discussion of the results. I think these two allocation options are the clearest examples of the policies under consideration by this committee.

The first group of results that I will summarize pertains to the changes in the characteristics of the students who received Title I services.

The chart up there outlines the characteristics of students we have included in our analysis—low-achieving students, poor students, and minority students. The measures I will discuss today include those which are enclosed in boxes on the righthand portion of the chart.

The results for the direct allocation districts are illustrated in Chart No. 2. The proportions served under current regulations are indicated by the white bars; the proportions served under waivers by the red bars.

The chart indicates that there was a small increase in the proportion of Title I students who were low-achieving, a small decrease in the proportion of Title I students who came from poor families, and essentially no change in the proportion who were minority members.

Mr. **Quie.** Is that because those poor that were dropped were not as low achieving as some of the nonpoor?

Dr. **Vanecko.** Which is that?

Mr. **Quie.** There is an increase in the number of low-achieving students and a decrease of poor—or was there a decrease of poor low-achieving?

Dr. **Vanecko.** No, it is poor. It does not indicate poor low-achieving.

Mr. **Quie.** That means some of the average or better achieving poor were dropped off in order to reach more low-achieving. Would that be correct?

Dr. **Vanecko.** Yes. However, we are talking here about a cutoff point of one year below grade level. Some of those poor students can be low-achieving, but not to that extent. Maybe half-a-year below grade level.

Mr. **Quie.** OK.

Dr. **Vanecko.** The two achievement allocation sites indicated on the next chart showed results completely opposite from each other. In Charlotte, the proportion of Title I students who were low-achieving, poor and minorities all declined. In Winston-Salem, the proportion of Title I students who were low-achieving, poor and minorities all increased.

Mr. **Quie.** That could be done with money, I suppose. What else would cause that?

Dr. **Vanecko.** Well, I think a primary explanation is that in Winston-Salem the student selection procedures were standardized to a great extent more than they had been previously. That is to say, a great deal was left to teacher judgment prior to the demonstration. During the demonstration the use of test scores came in and that was certainly a big factor in the increase in the low-achieving in Winston-Salem.

Both of the districts, as you can tell from the chart, already serve very high proportions of low-achieving, poor and minority.

Mr. **Ford.** Is it possible that there is a difference in the degree of integration in the Charlotte system and the Winston-Salem system?

Dr. **Vanecko.** Both districts are desegregated to almost the same extent by any standard of measure of desegregation. Both use very similar plans, with paired schools. To some extent, there was in fact in Charlotte an explicit intent to serve more white children because of the feeling that currently Title I, its history in Charlotte had stigmatized black children and essentially said that by showing that there were white children who could not read as well didn't create the illusion that only black children could not read.

Mr. **Quie.** What was the race of the person who headed the Title I program in Charlotte?

Dr. VANECKO. Barbara Davis is black. I believe she is testifying tomorrow before this committee.

Two additional points should be made about the characteristics of students. The first, as I indicated most districts extended Title I services to more students. In so doing, they extended services to more students who were low achieving, poor and minorities. Thus the number of such children who are served has increased as well as the proportion. Second, there is a trade-off between serving more low-achieving students and fewer poor students.

What we find when we look at the trade-off is that there is no case in which a district was able to accomplish a large increase in the proportion of low-achieving while keeping the decrease in poor students to a minimum.

The second group of results pertains to reading instruction received by Title I students. The results for the six direct allocation districts and the others are quite similar so I can summarize them for all thirteen districts.

There was generally a small decrease in the amount of time during which students received compensatory reading instruction. This is indicated in chart no. 4. There was generally a concomitant and larger increase in regular reading instruction and thus an increase in total reading instruction received by Title I students.

In addition, there were no significant changes in the quality of instruction measured by instructional group size and by the type of instructor.

It is important to consider these findings with regard to instruction in light of the changes in numbers of schools and students that are brought about by the demonstration.

What these findings appear to be saying is that districts can significantly increase the number of students receiving Title I services, thereby reducing their Title I per pupil expenditure without significantly affecting either the quality or quantity of services they receive. However, we believe this conclusion would be erroneous for two reasons.

First, in order to provide these services to the elementary grades, which is the focus of our research, services delivered to other grade levels and services other than reading were sometimes discontinued. Therefore, although the pupil expenditures for reading were reduced in a number of districts, they were not reduced as much as they may have been had these changes in programmatic emphasis not been made.

Second, a number of the districts were able to use large portions of their carryover moneys as well as portions of moneys from other schools to support the carryover programs from 1976-1977. It does appear a number of the districts could not afford to continue their demonstration Title I programs for any more than a few years.

Before concluding this general discussion of instructional services, we feel it is important to highlight another of our findings.

We considered regular reading instruction paid for by the district as well as compensatory reading supported by Title I. The assumption frequently made is because of the prohibitions against supplanting and accompanying comparability requirements, that each minute of compensatory reading instruction is in addition to the regular reading instruction which students receive.

Our data indicate this is not the case. In fact, we found students given compensatory reading instruction tend to lose regular reading instruction more than any other type of instruction. This is illustrated in Chart No. 12. It shows that compensatory reading replaces at least a portion of regular reading instruction for 58 percent of the students who receive it.

As a consequence, while the average amount of compensatory instruction in reading for Title I students was 35 minutes per day, they received only 13 minutes per day more total instruction.

This summarizes the major results.

I would like to comment before going on to conclusions that the question of disincentives has come up earlier today, and that in our research we have no direct evidence that there are direct disincentive effects under the demonstrations. There are morale problems, but no real evidence of disincentives.

In conclusion, it is accurate to say that the allocation options chosen by the districts vary considerably and results varied. But I think there are important implications for future Title I policy.

First, if the goal of Title I is to increase the proportion of served students who are low achieving, this can be done using the allocation options selected by the demonstration districts. The increases that can be made, however, are not large. Further, it does seem that such increase can be made through more stringent student selection procedures as effectively as they can through altering school eligibility rules to achievement rules. If Title I is to target exclusively on low-achieving students, both could be changed.

Second, if Title I is to continue selecting exactly the same proportion of students who live in poverty, then school eligibility rules currently in practice are probably required. The allocation options chosen by the districts result in no wholesale loss of service for poor or minority students when these rules are abandoned, but there is a small decline.

Third, no districts achieved large increase in the proportion of Title I students who were low-achieving while minimizing the decline for poor students. If that is the goal for Title I, then the combination of some form of school eligibility based on poverty or on poverty plus achievement level with more stringent student selection rules is necessary.

Fourth, if the intent of Congress is to insure that every minute of Title I reading instruction is in addition to regular reading instruction, then it is necessary to establish new regulations and guidelines which will guarantee this.

Finally, while these districts served more students without reducing the level of service, they cannot do so for long without an increase in funding.

Mr. **Ford**. As I understand it, the districts that were in this sample were given the option of applying for waivers item by item of current regulations. Do you have a compilation of which regulations they selected to get the waivers?

Dr. **Vanecko**. We do have such compilation, and NIE has it. I don't have it with me today. We can submit it for the record.

Mr. **Ford**. I would be interested in seeing what this cross-section of schools did when given the opportunity to shop around for their changes in the regulation and change in the formula.

[The material referred to follows:]

DEPARTMENT OF HEALTH EDUCATION AND WELFARE
NATIONAL INSTITUTE OF EDUCATION
WASHINGTON D C [illegible]

Honorable William D. Ford
U.S. House of Representatives
Washington, D. C. 20515

Dear Mr. Ford:

During the hearings on the allocation of ESEA Title I funds on November 1, 1977, you expressed an interest in knowing which Title I regulations the 13 demonstration districts wished to have waived.

In their initial proposals, submitted in the Spring of 1975, the districts outlined their proposed changes in intra-district allocation but did not at that time make formal requests of waivers. Those requests were incorporated in their final plans submitted in June of 1976, in response to NIE's outline of topics to be addressed.

It is worth noting that in that interim, between June, 1975 and June 1976, we met a number of times with Title I program staff at OE, and agreed that we would only request, on behalf of the districts, those waivers which were absolutely necessary for the conduct of the study. This agreement was communicated to the districts during site visits and telephone conversations. Thus, their formal list of waiver requests was undoubtedly briefer than it might have been in an unlimited situation.

In those final plans, eight of the 13 districts (e.g. Mesa, Arizona; Alum Rock, California; Adams County #12, Colorado; Boston, Massachusetts; Charlotte, North Carolina; Winston-Salem, North Carolina; Newport, Rhode Island; and Houston, Texas) requested specific waiver; the other five apparently trusted NIE to make appropriate requests of the Commissioner on their behalf. The specific waiver requests from the eight districts included;

1. Target area selection -- without, in most cases, specifying by number the regulations with which they would be unable to comply as a result of changing to achievement allocation, all eight districts were aware that they would need special approval to eliminate poverty as the criterion for school eligibility and targeting.

2. Concentration -- while most of these districts were planning to serve more schools and/or students, only three requested formal waiver of the concentration regulations. One of the three requested relief from concentration provisions described in program guidelines, rather than the official statutory or regulatory language.

3. Miscellaneous regulations -- some of the eight districts requested other waivers:

   o Definition of educationally deprived - four districts requested varying definitions of "educationally deprived children." Two districts wished to serve non-deprived children in certain instances; one district asked that children remain in programs after reaching the specified cut-off in order that gains might be consolidated; and one district asked that they be allowed to define as most needy those children demonstrating the greatest gap between learning potential and actual achievement.

   o Service to non-public school children -- two districts requested that they be allowed to curtail services to non-public schools.

   o Supplement, not supplant -- one district requested that they receive a post-demonstration waiver of the requirement that services be supplemental, so as to use local funds to ease the transition when Title I was withdrawn from the "extra" schools served under the demonstration.

4. Requests for waivers of state or local "add-on" requirements. Many districts requested waivers of requirements which they interpreted as being federal regulations, but which, in fact, were either state or local interpretations of federal regulations, or additional restrictions added on by states. These included:

   o Requests to use state compensatory education funds in ways identical to their use of Title I funds (three districts);

   o A request to decrease the Title I per-pupil expenditure below the level required by the state (one district);

   o A request to distribute Title I funds to targeted schools in proportion to the number of under-achievers rather than to the number of poor students per school (one district):

In all cases where actual state requirements existed which would conflict with the districts' new programs, the state granted waivers of such restrictions.

It is also worth noting that by June, 1976, no district formally requested a waiver of comparability regulations. This is because they had been informed by NIE that we would not pass such requests along to the Commissioner. However, many districts had expressed an interest in being relieved of reporting comparability. Also, the seven districts which are serving all schools in given grade spans under the demonstration cannot report comparability statistics because formal computation requires a comparison of each Title I school with the average of non-Title I schools, and these districts currently have no non-Title I schools.

The regulations for which NIE requested waivers of the Commissioner for each year of the study, and on which the Commissioner based approval of the participation of the districts, are as follows:

- o Target area selection -- 12 districts
- o Concentration --- 11 districts
- o Prohibition of general aid -- 2 districts
- o Definition of educationally deprived --- 3 districts
- o Service limited to students in greatest need --- 1 district

The correspondence between NIE and Commissioner Boyer relating to these requests for the 1977-78 school year is attached; it explains the specific regulations with which each district is unable to comply as a result of the demonstration. The number of each regulation is that listed in the new regulations published by OE in September, 1976. The identical areas, referenced to the previous regulation numbers, were approved for each district in 1976-77 by Acting Commissioner Peirce.

I hope you will find this useful. If you have any further questions, please do not hesitate to ask.

Sincerely,

Ann M. Milne

Ann M. Milne
Technical Area Manager
Demonstration Studies

August 1, 1977

Dr. Ernest L. Boyer
Commissioner of Education
Room 4181
Federal Office Building
400 Maryland Avenue S.W.
Washington, D. C. 20202

Dear Dr. Boyer:

This letter is written in response to requests from Philip Rosenfelt of the Office of General Counsel and William Lobosco of your staff, and expands on the letter to you from Emerson Elliott, June 20, 1977, requesting approval for 13 Local Education Agencies (LEAs) to participate in NIE's study of compensatory education.

In keeping with Section 821 (a) (5) of P.L. 93-380, I would like to reaffirm that the participation of these 13 LEAs is necessary to carry out the purposes of Sections 821 (a) (1) through (4). In line with Section 821 (a) (5) and Section 150, your approval of the districts' participation is required.

In order to participate, the LEAs will be unable to comply with certain regulations governing Title I programs. NIE has determined that the LEAs' inability to comply with these regulations is in fact necessary to the conduct of the study mandated by P.L. 93-380. The LEAs and the regulations with which each will be unable to comply as a necessary result of the implementation of its demonstration project are as follows:

1. School District #12 - Adams County, Colorado

a. Target Area Selection	116a. 2 ("project area") 116a. 19 (b) and 116a. 20 (a,b)
b. Concentration	116a. 22 (b) (5)

2. Alum Rock Union School District, California	
a. Target Area Selection	116a. 2 ("project area") 116a. 19 (b) and 116a. 20 (a,b)
b. Concentration	116a. 22 (b) (5)
c. Definition of Educationally Deprived	116a. 2 ("educationally deprived")
d. Prohibition of General Aid	116a. 22 (b) (4) (iii) and 116a. 22 (b) (6,7,8)
3. Berkeley County Board of Education, West Virginia	
a. Concentration	116a. 22 (b) (5)
4. Boston Public Schools, Massachusetts	
a. Target Area Selection	116a. 2 ("project area") 116a. 19 (b) and 116a. 20 (a,b)
b. Concentration	116a. 22 (b) (5)
5. Charlotte-Mecklenburg Schools, North Carolina	
a. Target Area Selection	116a. 2 ("project area") 116a. 19 (b) and 116a. 20 (a,b)
b. Concentration	116a. 22 (b) (5)
6. Harrison County Board of Education, West Virginia	
a. Target Area Selection	116a. 2 ("project area") 116a. 19 (b) and 116a. 20 (a,b)
b. Concentration	116a. 22 (b) (5)
7. Houston Independent School District, Texas	
a. Target Area Selection	116a. 2 ("project area") 116a. 19 (b) and 116a. 20 (a,b)
b. Concentration	116a. 22 (b) (5)
c. Definition of Educationally Deprived	116a. 2 ("educationally deprived")

8. Mesa Public Schools, Arizona
    - a. Target Area Selection — 116a. 2 ("project area")
116a. 19 (b) and 116a. 20 (a,b)

9. Newport Public Schools, Rhode Island
    - a. Target Area Selection — 116a. 2 ("project area")
116a. 19 (b) and 116a. 20 (a,b)
    - b. Service limited to Students in Greatest Need — 116a. 21 (d,e)

10. Racine Unified School District No. 1, Wisconsin
    - a. Target Area Selection — 116a. 2 ("project area")
116a. 19 (b) and 116a. 20 (a,b)
    - b. Concentration — 116a. 22 (b) (5)

11. Santa Fe Public Schools, New Mexico
    - a. Target Area Selection — 116a. 2 ("project area")
116a. 19 (b) and 116a. 20 (a,b)
    - b. Concentration — 116a. 22 (b) (5)

12. Winston/Salem/Forsyth County Schools, North Carolina
    - a. Target Area Selection — 116a. 2 ("project area")
116a. 19 (b) and 116a. 20 (a,b)
    - b. Concentration — 116a. 22 (b) (5)

13. Yonkers Public Schools, New York
    - a. Target Area Selection — 116a. 2 ("project area")
116a. 19 (b) and 116a. 20 (a,b)
    - b. Concentration — 116a. 22 (b) (5)
    - c. Definition of Educationally Deprived — 116a.2 ("educationally deprived")
    - d. Prohibition of General Aid — 116a. 22 (b) (4) (iii)
116a. 22 (b) (6,7,8)

Please note that while the numbers of the regulations have changed as a result of the recent issuance of revised regulations, the regulations with which each given district will be unable to comply have not changed. Also note that in the June 20 letter to you we erroneously attributed the need for a concentration waiver to Newport rather than to Racine. That has been corrected in this letter.

Should you need any further information, please do not hesitate to ask it of me.

Sincerely yours,

John Christenson
Acting Director

cc: Philip Rosenfelt
William Lobosco

HEW/ESG/HIF/CR/AMilne/odw/8/1/77

CR PHill
ESG VBrown

EXSEC

Mr. Ford. I had the impression, until I checked with the Counsel, that we just waived all the regulations and turned them loose. But apparently it didn't work out that way. What they did was give advance notice on which specific regulations they wanted to waive.

Do you know which regulations were most frequently selected by these people?

Dr. Vanecko. Essentially the school eligiblity and targeting regulations are the most frequently selected.

Mr. Ford. What about the problem of comparability?

Dr. Vanecko. Well, in the six districts which I referred to as direct allocation districts, where they go to all schools, comparability then becomes irrelevant.

Mr. Ford. Were they the only districts that asked to be relieved from comparability requirements?

Dr. Vanecko. I believe so, yes.

Mr. Ford. All right. At this time we will hear from Dr. Wiley.

STATEMENT OF DR. WILEY AND DR. HARNISCHFEGER

[The prepared statement of Dr. Wiley and Dr. Harnischfeger follows:]

Statement to the Subcommittee on Elementary, Secondary, and Vocational Education

Committee on Education and Labor

House of Representatives

CONGRESS OF THE UNITED STATES

November 1, 1977

Washington, D.C.

This statement was prepared by
Annegret Harnischfeger and David E. Wiley
Co-Directors
ML-GROUP for Policy Studies in Education
CEMREL, Inc.
Chicago, Illinois

Mr. Chairman, members of the Committee, I thank you for the opportunity to appear before this Subcommittee, to address such an important matter. Title I of the Elementary and Secondary Education Act of 1965 is surely the most important Federal education program and proposals for changing its procedures for funds allocation demand most careful scrutiny. I am grateful to be allowed to contribute to that process.

I am David Wiley, co-director of the ML-GROUP for Policy Studies in Education of CEMREL, Inc. Our GROUP, located in Chicago, is devoted to the study and clarification of issues relating to educational policy and practice. CEMREL is a regional educational Laboratory, primarily supported through the National Institute of Education, with headquarters in St. Louis. I am also an Associate Professor of Education and of Behavioral Sciences at the University of Chicago.

When President Lyndon Johnson declared War on Poverty, he and the Congress also launched the largest educational program ever funded to overcome educational disadvantage related to poverty. The Elementary and Secondary Education Act of 1965 was an attack to overcome dual consequences of poverty:

-- Low family income, which is highly tied to meager parental education, results in inadequately educative home circumstances for children, which in turn depress their achievement.

-- The great income segregation of school districts and the dependence of school funds mainly on the districts' property taxes often resulted in fewer resources for districts with large numbers of poor families and effected extremely unequal opportunities for learning. Thus, pupils with poor schooling were judged to live mainly in districts with inadequate income levels resulting from taxes on property of low monetary value.

The first argument draws on the positive relationship of education and income and assumes strong linkages of family income to the educative character of the home and to children's achievements. Congress explicitly emphasized poverty as the cause for special educational needs disregarding other criteria such as parental education or housing which are also retrievable from Census information. In adopting a base poverty line, currently expressed in the Orshansky index, income insufficient for minimally acceptable food and commodity purchase was considered a valid indicator of educatively disadvantaged environments. Conceptually, not necessarily empirically, this indicator attempts the assessment of minimally acceptable physical preconditions for the development and learning of children, a distinct task from the direct assessment of educationally supportive environments.

The other cause of educational disadvantage, lodged in the fewer resources of school districts in low-income areas and which thus result in lower educational opportunity for pupils in such districts, exacerbates the problem. The inequality of educational opportunity deriving from discrepancies in school district funding levels has been addressed in a number of court cases, often resulting in rulings holding that states have responsibility to provide equal funding bases for school districts. These changes have surely modified the relation of economic to educational deprivation. In addition, the Federal Government, with Title I and other programs, and many states now provide special funds to school districts with high percentages of pupils from poor families or for the otherwise educationally disadvantaged, including physically or mentally handicapped, bilingual, and migratory children. And although there is strong evidence for a close relation of family poverty to educational deprivation, it is also believed that there are numerous other causes of educational disadvantage not captured by the poverty criterion.

As we lack knowledge about these other causal factors, it was proposed to use a direct criterion for Title I fund allocation, i.e., the achievements of pupils. This line of thought seems to represent a political trend towards overcoming societal problems via the more direct targeting of efforts. For example, the goal for manpower training in the Comprehensive Education and Training Act of 1973 is to overcome unemployment and that act now mandates unemployment as a major factor in funds allocation, supporting the jobless directly. This has resulted in considerable funding shifts.

As the members of this Committee are well aware, Congress, in the 1974 Amendments to ESEA, directed the National Institute of Education (NIE), to conduct a comprehensive study of compensatory education in order to enlighten a decision concerning Title I funds allocation and use. Two of the research topics addressed by the study were subsequently investigated by the ML-GROUP for Policy Studies in Education, CEMREL, Inc. We were to clarify:

-- the likely consequences, for the allocation of Title I funds, of a change from poverty to pupil achievement as a Title I eligibility criterion; and to study

-- the feasibility and costs of using achievement as the criterion.

We officially finalized our study yesterday (October 31, 1977) and I am here to report the results.

FEASIBILITY AND COST

Mr. Chairman, I will first report on the cost and feasibility of alternative models for obtaining achievement test data, which could serve as a basis for determining Title I eligibles in states and in school districts.[1] Our focus was on (1) a national testing program for achievement-based Title I fund allocation to states, and on (2) the issues which arise in giving states options to use state testing and assessment programs for allocating these funds to school districts. However, we also examined a national testing program which would determine Title I eligibles directly for each of the 16,000 school districts currently operating in the United States. No county level procedures have been considered. Of course, many of the critical issues to be resolved hold likewise for either model of achievement-based eligibility estimation, be it state or school district level. And none of these issues can be considered purely technical. They all bear severe policy implications.

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[1] Cost and feasibility of alternative models have been summarized in two reports:

Harnischfeger, A., Huckins, L.E. & Wiley, D.E., The National Assessment of Educational Progress Model: A Tool for Achievement-Based Title I Fund Allocations? Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc., October, 1977.

Harnischfeger, A., Wiley, D.E. & Woods, E.M., Issues of Title I Fund Allocations Through States to Local School Districts. Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc., October, 1977.

These issues involve:

- -- delimitation of target population for Title I;
- -- delimitation of population to be tested;
- -- eligibility estimation for special groups (e.g., handicapped; non-English speaking);
- -- standard setting and objective specification in the determination of a cutting point for low achievement;
- -- assessment procedures, such as timing, test administration, level of precision of eligible estimation, sampling, and auditing and reliability control of achievement data.

Our resolutions of these issues--prerequisites to costing a national achievement testing program--followed, when feasible, current practices of the National Assessment of Educational Progress (NAEP). However, the resolutions of these issues were also influenced by assessments and judgments made by NIE and our GROUP. And I would like to emphasize, Mr. Chairman, that each of these issues is genuinely technical and political.

As the members of this Committee are well aware, the National Assessment of Educational Progress (NAEP) is an ongoing project of the National Center for Education Statistics intended to make available, on a continuing basis, comprehensive data on the educational attainments of young Americans. NAEP periodically tests 9, 13, and 17 year olds, and young adults in a variety of learning areas including reading. The procedures of the National Assessment--development and administration of tests to a national probability sample of children and young adults -- provide a model which may be extended for use in Title I funds allocation.

Although it does represent a model for a sampling approach to collecting student achievement measures, NAEP, in its present form, is not adequate for the purpose of providing student achievement measures from which Title I fund allocations to states could actually be computed. Currently, results are only reported for the nation as a whole and for four geographic regions (Northeast, Southeast, Central, and West). Thus, the NAEP model must be extended to provide results for each state. Also, the National Assessment currently does not compute test scores, but mainly reports results on an item by item basis. The few summaries that NAEP does report are for small groups of closely related items and do not yield estimates of numbers of low achievers. More general summary measures need to be developed.

We built our investigations on the base of the NAEP model and NAEP staff gave constant support in materials and discussions. However, achievement-based eligibility estimation for Title I funds allocation is a mission essentially different from NAEP's.

Target Population

Presently the population for Title I eligible determination consists of all 5 to 17 year olds residing in specific and exclusive geographical areas at a defined time point. Empirically and technically, this basis for eligibility has several shortcomings, whether it is used for poverty- or achievement-based calculations: (1) Being Census-based, it is already outdated when the data are first used for Title I eligibility estimation, especially since changes due to mobility and birth rate are not updated with time; (2) school districts, especially when serving less than the total K or 1 through 12 grade span have overlapping areas and child populations.

Politically, a target population determined independently of schooling bears no incentive to maximize enrollment. We propose to define the target population, for achievement-based estimation, as all 5 to 17 year olds enrolled in Kindergarten through twelfth grade in a (public or private) school at a specific time point. Technically, these data could easily be collected by expanding the regular ELSEGIS enrollment collection procedures to cover non-public schools and also to identify the number of enrolled pupils outside the 5 to 17 year old age range. Politically, this definition would reward school districts which maximize enrollment, especially when enrolling 5 year old low-achieving children and when successfully retaining low-achieving dropout-prone pupils, mostly 14 to 17 year olds (Table 1), in school.

Table 1. Percent of Population 5 to 17 Years Old Enrolled in School in 1975

Age	Percent of Population Enrolled
5	87.2
6	99.0
7 to 9	99.3
10 to 13	99.3
14 to 15	98.2
16 to 17	89.0

Source: U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-20.

Population To Be Tested

A naive approach to estimating number of eligible pupils would be to test a representative sample of the target population, i.e., of 5 to 17 year olds enrolled in school. However, this approach has drawbacks. Technically, it would incur very high costs for test development as distinct tests would be needed for different grades and ages. Politically, it would favor school districts with poor teaching quality, independent of a district's funding situation or pupil background characteristics. This issue is so important that it needs some elaboration.

There are two distinct causes of pupil achievement: (1) the school and

(2) the pupils' pre-school abilities and out-of-school learnings. Schools can be more or less effective educational units, but they also differ in their pupils' entering ability distributions, i.e., they are confronted with different degrees of educative difficulty. Of course, the older the pupils we test or the higher the tested grade, the more school effects are intertwined with out-of-school derived pupil abilities or achievements. Testing in late grades or of older pupils would penalize districts which successfully educate pupils of low entering ability levels. For two districts having pupils with similar school entry performances, the one that raises pupil achievement to a relatively high standard would have fewer eligible pupils than the less successful school district. This disincentive can only be avoided by testing young pupils or those in early grades. I.e., Title I eligibility should be based on achievement as an indicator of the educative difficulty that school systems face and not on a hodge-podge of early pupil ability, out-of-school learnings, and school effectiveness.

Strictly, this means that testing a sample of pupils in grades K through 12 or testing in later grades is not advisable, but testing has to take place before pupils enter school, i.e., at the beginning of kindergarten or first grade, although one might argue about the remaining disincentive effect for preschool education. It seems to us, that this latter argument is negligable for two reasons: overwhelmingly, prekindergarten education is not carried out by the same agency and the younger the pupils tested, the more a test would grasp general school readiness. And we also believe that while some educational institutions might neglect certain growth areas of the youngest children, they would not keep children from developing in general.

Testing school beginners has the technical drawback that no paper-pencil test can be used. But we consider this a minor issue, even with respect to cost. The critical point is that school beginners vary in age. States follow different policies with respect to modal age of school entrance of children. If we restrict testing to school beginners, then we would disregard the fact that, e.g., 5 and 6 year olds do not have equal abilities. Politically, we would favor states with early school entrance. That is, if kindergarten is considered school entrance, then those districts that enroll maximum numbers of young children would benefit. An age determination seems necessary. Thus, 5 year olds entering kindergarten would be a population that informs about educative difficulties confronting the district without producing disincentive effects.

However, many districts still have no kindergarten, so that first grade would be the universal entering grade, and the appropriate age, 6.[2] But Census information indicates that 11 percent of 6 year olds were not enrolled in the Spring of 1970. We thus originally proposed to test

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[2] About 5 percent of U.S. school districts do not include grade 1. These are nearly all high school districts. Special procedures would be needed for district-level eligibility estimation.

7 year olds, only 3 percent of which were not enrolled. Newer figures from the Current Population Survey (1975) indicate, however, that 99 percent of 6 year olds are enrolled in school. If these figures are accurate, then it would be more appropriate to test 6 year olds. We support the notion that early achievement measures can be used as indicators of the educative difficulties that individuals, school districts, and states face and thus recommend the testing of school beginners.

However, if children are tested later in the process of schooling, neither a population selection on the basis of age(s) nor grade(s) nor age(s) within grade(s) can overcome differences in pupil achievement caused by state or district enrollment and promotion policies. At higher grades or older ages, testing an age group within a grade level is one possible means of reducing the impacts of varying amounts of schooling on achievement. It does not, however, overcome all achievement differences due to variations in school entry and promotion policies. The fundamental question of whether a population should be defined by age group, grade level, or age within grade level is ultimately a political issue. Any selection involves specific valuations of different school entry and promotion policies, and at higher grade levels also of school program policies.

Special Groups

Typically, certain groups of pupils are not tested in state testing and assessment programs or by NAEP. These include mentally retarded, handicapped, delinquent, and non-English speaking pupils as well as pupils enrolled in special (non-LEA, non-private) schools. Often testing also excludes private schools and also pupils who are absent at the time of testing. We estimate that these typically untested pupils may account for up to 20 percent of a defined pupil population. Except for absentees and private school pupils, most pupils who are not currently tested, if officially designated on the basis of unambiguously set criteria, could be considered as having and posing serious educative difficulties and thus be counted automatically as eligible for Title I. Whether private schools should be included in the eligibility estimation, is a purely political question. We did include them in the target population. Absentees could, of course, be tested in make-up sessions, which is current NAEP practice, or their eligibility could be estimated. Obviously, absence rates are also subject to school and district manipulation. But this latter issue can only be enlightened by auditing.

Standard Setting

A key issue concerning Title I funding once basic criteria are decided upon -- be they based on poverty, achievement, or on other data -- concerns their definition and measurement in ways that permit the counting or estimating of eligibles for Title I funding. This seemingly technical task is actually highly political and controversial. We propose an approach basically similar to the establishment of the current poverty criteria.

The Orshansky index for poverty is grounded on technically informed political judgments of basic needs. Surely, it is controversial what should go into minimally acceptable food and commodity availability. But if we can decide, however problematically, on minimal and basic nutrition, we can surely address all of the basic issues involved in setting minimal achievement standards. Following this basic logic, we recommend that standards for achievement deficiencies or educative difficulty be set independently of the test instruments used to assess them. This means that eligibility is to be defined with respect to an independently specified standard and not in purely relative terms derived as those yielding a particular percent of the lowest achievers on the test to be chosen or developed. We consider a standard to be a political requirement. Title I funds should be expended to help pupils develop the minimal skills which we -- the society -- require. Funds should not be spent on an arbitrary percent of low achievers, letting ungrounded cutting points on technically constructed tests determine what that means. The latter norm-referenced achievement-based eligibility definition leaves the political decision of what constitutes skill deficiency or minimal competency to "technicians", i.e., test developers. This is truly irresponsible.

Assessment Procedures And Auditing

Decisions have to be made concerning concrete procedures for data collection. Perhaps the most critical one concerns the area(s) of assessment. Surely reading is a fundamental skill area, but other skill areas might be assessed and decisions have to be made concerning equivalence of different skills. Further, testing cycles and testing time are to be determined. If both of these would be related to program evaluation, then shorter cycles and testing early in the school year would be preferable. In the case that data collection would be used only for Title I eligibility estimation, then cycle time would be determined by the speed with which the data became obsolete, and time of testing could be set according to technical convenience. Also test administration procedures are to be decided upon. Following NAEP procedures, we propose use of school-independent test administrators to reduce data unreliability. But certainly some auditing procedures would also be needed to verify ELSEGIS enrollment reports and achievement data. Finally, the accuracy level of the eligibility estimates has to be determined, which bears heavily on the assessment costs.

NAEP-Type Model For Title I Eligibility Estimation For States

We detailed and costed a national testing program for estimating Title I eligibility. In order to accomplish that, we based our procedures on the above decisions, except we based our costs on the testing of 9 year olds. We also made several decisions concerning concrete assessment procedures, such as reading as the skill area, a 2-year cycle and specific sampling procedures. We developed a detailed costing algorithm and costed the activities assuming a 3-year project which would represent the full effort involved in a single 2-year cycle of the achievement-based Title I eligibility estimation.

The total costs for the specified base model are $7,183,000 (Table 2). These costs apply to a 10 percent level of precision of eligible estimates for states.[3] We consider this figure a reasonable, not a lower bound estimate. It would produce estimates approximately twice as accurate as those obtained by the Survey of Income and Education. Assuming that the achievement data would be collected in a 2-year cycle, one data collection would be used for Title I funds allocation for two consecutive years. This implies that the eligibility estimates would cost 0.16 percent of present yearly Title I funds ($2.2 billion). If we relate the total testing costs to the number of poor children 5 to 17 years old, then the yearly cost of eligibility estimation would amount to $0.50 per poor or presently eligible child.

Nearly 70 percent of the total testing costs are incurred in data collection and data processing (Activities 5 and 6 in Table 2). And these costs are a function of the total sample (250,000) and testing group (16) sizes. Activities 1, 2, 3, and 7 (Table 2) are essentially independent of sample size.

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[3] This precision level, as well as others referred to below, represents two standard errors as a percent of the estimate and thus corresponds to a confidence level of 95 percent.

Table 2. Costs of NAEP-Type Testing

	ACTIVITIES	A. PERSONNEL	B. TRAVEL	C. OCCUPANCY	D. COMMUNICATION	E. REPRODUCTION	F. DATA PROCESSING	G. SUPPLIES AND EQUIPMENT	TOTAL
1.	STANDARDS SETTING AND OBJECTIVES SPECIFICATION	422,000	73,000	30,000	10,000	4,000	30,000	13,000	582,000
2.	TEST DEVELOPMENT	543,000	99,000	39,000	14,000	7,000	60,000	17,000	779,000
3.	SAMPLE DESIGN AND SELECTION	408,000	7,000	31,000	10,000	4,000	72,000	15,000	547,000
4.	PRINTING	16,000	2,000	1,000	1,000	100,000	3,000	1,000	124,000
5.	DATA COLLECTION	2,008,000	1,000,000	24,000	311,000	14,000	50,000	10,000	3,417,000
6.	SCORING, DATA ANALYSIS, AND ELIGIBILITY RATE ESTIMATION	652,000	12,000	56,000	10,000	4,000	785,000	27,000	1,546,000
7.	REPORT GENERATION AND INFORMATION DISSEMINATION	113,000	7,000	10,000	3,000	31,000	20,000	4,000	188,000
	TOTAL	4,162,000	1,200,000	191,000	359,000	164,000	1,020,000	87,000	$7,183.000

Thus, modifications in precision level affect costs severely, because of changes in sample size and, consequently, in the major cost components of data collection and data processing.

Decreasing the precision to 20 percent (the accuracy level of the 1976 Survey of Income and Education), decreases the sample size by a factor of 3-1/3 (to 75,000) and the data collection and data analysis costs accordingly from about $5 to $1.5 million. Testing printing cost would decrease by about $50,000, but no other cost components would change greatly. We estimate the total cost decrease as being about $3.6 million and, total costs to be approximately $4.3 million. Increasing precision to 5 percent increases the sample size by a factor of 2.8 (to 700,000). Data collection and analysis would increase by about $9 million to $14 million. Printing costs would increase by perhaps $150,000. Thus, total costs would reach $16.5 million. These figures exclude start-up costs which, assuming that NAEP carries out the project, would amount to probably 10 percent of the $7.2 million base-line budget. We also estimated the cost of testing multiple age/grade groups and of multiple subject matter areas, resulting in cost increases of 20 and 50 percent of the base-line budget, respectively.

District-Level Eligibility Estimation

If a national NAEP-type testing program is to estimate Title I eligibles for each of the 16,000 school districts at a 10 percent precision level then a nearly 11-fold sample size increase from the comparable state-level effort is necessary. We estimated the costs of such a program at $53 million. If, however, the precision of the eligible counts is decreased, costs are estimated at $43 million.

Because of the high costs involved in a nationwide achievement testing program that would enable reasonably precise ESEA Title I eligibility estimates for school districts, it has been proposed to restrict such a program to the state level and give states the option of using or modifying existing testing programs or developing new ones for eligibility estimations on the school district level. Such state options could conceivably span achievement testings in different subject areas, grades or ages, but also include current procedures. We investigated solely issues involved in using achievement test data for Title I eligibility estimation on the district level.

How many states have any established mechanisms for collecting achievement test data? Any states which do collect test data intended to be representative of their state do so within either a state testing or assessment program.

A survey we conducted in April, 1976 identified 44 states and D.C. as having collected achievement test data sometime between 1970 and 1976, but only 39 states and D.C. as having an ongoing testing program (Table 3). However, wide variation exists concerning testing cycle, season of testing, age/grade tested, assessed achievement areas and extent of testing. About 36 states collect test data in any single school year,but not necessarily from all school districts. Only about 21 states and D.C. presently annually collect test data in the K through 12 grade range from the majority of their school districts in a basic area. If testing is to be restricted to K through 6, we shall still find these 21 states and D.C. However, if testing should be restricted to kindergarten and first grade, then only 6 states and D.C. could be identified as having such a program on a comprehensive basis.

It is apparent that neither the 39 states and D.C. that presently have achievement testing or assessment programs nor the 21 states and D.C. whose testing programs have somewhat more commonality collect test data that are directly usable for Title I eligibility estimation in school districts. In order to assure reasonable similarity in eligible definition and assessment procedures, binding guidelines would have to be developed that minimally cover the issues, raised earlier: definition of target population; delimitation of population to be tested; testing of special groups; standard setting; assessment procedures such as timing,test administration; precision of eligible estimation; reliability control of achievement test data; also, state documentation and reporting requirements would have to be established to allow auditing

Table 3. State Summary of Achievement Test Data Collected on a Statewide Basis During Interval 1970-76

State	Ongoing Program?	Type of Program	Most Recent Testing Year	Census/Sampling	Grade/Age Levels	Test Content Area
Alabama	Yes Yes	State Testing State Assessment	1975-76 1975-76	Census/Voluntary(90% to 100%) Sample	Grade 4, 8, 10 Grade 4, 8, 12	Reading, Language, Math Science
Alaska	Yes	State Assessment	1975-76	Sample	Grade 4, 8	Word identification, Math computation
Arizona	Yes	State Testing	1975-76	Census/Mandatory	Grade 3 Grade 3	Reading Math
Arkansas	No	Between 1972 and 1975, ESEA Title III funds were used to support statewide testing as part of needs assessments.	1974-75	Census/Voluntary(30% to 49%)	Grade 8	Reading, Language, Math, Social Studies, Natural Science
California	Yes	State Assessment	1975-76	Census/Mandatory	Grade 1(one test form) Grade 2, 3(several test sampling forms) Grade 6, 12(several test sampling forms)	Reading readiness Reading Reading, Written expression, Math
Colorado	No	No uniform state testing program or ongoing state assessment program. No achievement test data were collected on a statewide basis during interval 1970-76.				
Connecticut	Yes	State Assessment	1975-76	Sample	Grade 8	Reading
Delaware	Yes	State Assessment	1975-76	Census/Voluntary(90% to 100%)	Grade 1 Grade 4, 8	Reading, Math, Listening Reading, English, Math, Science, Social Studies
District of Columbia	Yes	State Testing	1975-76	Census/Mandatory. (There are two testing programs for grades 1-9. In the program listed, a criterion-referenced test is administered on a pre- and post-test basis. In addition, a standardized achievement test is administered to a 10% probability sample).	Grade 1-9	Reading, Math
Florida	Yes	State Assessment State Testing State Testing	1975-76	Census/Mandatory Census/Mandatory Census/Voluntary	Grade 3, 6 Grade 12 Grade 8	Reading, Writing, Math English, Math, Science, Social Studies Reading, Math
Georgia	Yes	State Assessment	1975-76	Census/Mandatory	Grade 4, 8 Grade 11	Reading, Math, Career Development Reading, Writing skills, Math

Table 3. State Summary of Achievement Test Data Collected on a Statewide Basis During Interval 1970-76 (continued)

State	Ongoing Program?	Type of Program	Most Recent Testing Year	Census/Sampling	Grade/Age Levels	Test Content Area
Hawaii	Yes	State Testing	1975-76	Census/Mandatory	Grade 4, 6	Reading, Language, Math
	Yes	State Assessment	1975-76	Sample	Grade 4, 8, 11	Math
Idaho	No	In the past, ESEA Title III funds were used to support statewide testing as part of needs assessments.	1974-75	Census/Voluntary(70% to 89%)	Grade 11	Reading, English, Math, Natural Science, Social Studies
Illinois	Yes	State Assessment	1975-76	Sample	Grade 4, 8, 11	Reading, Math
Indiana	Yes	State Assessment	1974-75	Sample	Grade 4, 8, 12	Reading
Iowa	Yes	State Testing	1975-76	Census/Voluntary(90% to 100%)	Grade 1-8	Reading, Language, Math
					Grade 9-12	Reading, English, Math, Natural Science, Social Studies
	Yes	State Assessment	1974-75	Sample	Grade 5, 8	Math
Kansas	No	Some partial assessments in the achievement area have been done but they have never been done to be representative of the state.				
Kentucky	Yes	State Testing	1975-76	Census/Voluntary(50%-69%)	Grade 4, 6, 8, 11	Reading, Language, Math
Louisiana	Yes	State Assessment	1973-74	Sample	Age 9, 13, 17	Reading
			1974-75		Age 9, 13, 17	Math, Social Studies
			1975-76		Age 9, 13, 17	Career Education
Maine	Yes	State Assessment	1973-74	Sample	Age 9	Reading, Writing
			1974-75		Age 13, 17	Math
			1975-76		Age 13, 17	Career or Occupational Development
Maryland	Yes	State Assessment	1975-76	Census/Mandatory	Grade 3, 5, 7, 9	Reading, Language, Math
Massachusetts	Yes	State Assessment	1974-75	Sample	Age 9	Reading, Math, Decision Making
					Age 17	Reading, Math, Decision Making, Occupational knowledge
			1975-76		Age 9, 17	Writing, Social Studies, Citizenship
Michigan	Yes	State Assessment	1975-76	Sample	Grade 1	Reading, Math
				Census/Mandatory	Grade 4, 7	Reading, Math
				Census/Voluntary	Grade 10	Reading, Math

Table 3. State Summary of Achievement Test Data Collected on a Statewide Basis During Interval 1970-76 (continued)

State	Ongoing Program?	Type of Program	Most Recent Testing Year	Census/Sampling	Grade/Age Levels	Test Content Area
Minnesota	No	State Assessment(discontinued in 1975)	1973-74	Sample	Age 9, 13, 17	Reading
			1974-75		Age 9, 13, 17	Math
	Yes	State Testing	1975-76	Census/Voluntary. Participation varies by grade level but is generally below 30%.	Grade 7, 8 Grade 9-12	Reading, Math Achievement battery
Mississippi	Yes	State Testing(discontinued in 1975-76; however, the legislature passed an act mandating some type of accountability to be implemented in the future, with a strong reference to standardized test instruments).	1974-75	Census/Voluntary (90% to 100%)	Grade 5,8	Reading, Language, Math
Missouri	Yes	State Testing	1975-76	Census/Voluntary (50% to 69%)	Grade 1 Grade 4, 6 Grade 8, 9	Readiness Reading, Math Reading, Composition, Literature, Math, Social Studies, Science
	Yes	State Assessment	1975-76	Sample	Grade 12	4 goal areas: Intellectual, Physical, Social and Career Development
Montana	Yes	State Assessment	1975-76	Census/Voluntary (90% to 100%)	Grade 6, 12	5 goal areas: Communication, Fitness, Citizenship, Career/Awareness, Life-long Learning
Nebraska	No	A state assessment program is in the initial pilot stages. No achievement test data were collected on a statewide basis during interval 1970-76.				
Nevada	No	State Assessment(discontinued in 1974)	1973-74	Sample	Grade 3, 5, 7	Reading, Math
New Hampshire	No	There was a state testing program from 1938 through 1971-72 which was discontinued with the conclusion of NDEA funding. The state assessment program is in the formative stages and has collected no achievement test data to date.				
New Jersey	Yes	State Assessment	1975-76	Census/Mandatory	Grade 4, 7, 10 (assessed each year) Grade 12 (assessed every three years)	Reading, Math Reading, Math
New Mexico	Yes	State Assessment	1975-76	Census/Mandatory - 3-Year Cycle (each year one third of the districts participate. At the end of the cycle, all districts should have tested all pupils in grades 6, 9, and 12 in at least 3 of the goal areas.	Grade 5, 8, 11 Grade 6, 9, 12	Reading, Language, Math 5 goal areas: Communication skills, Math, Natural Science, Social Studies, Career Education
New York	Yes	State Testing	1975-76	Census/Mandatory	Grade 3, 6, 9	Reading, Math

Table 3. State Summary of Achievement Test Data Collected on a Statewide Basis During Interval 1970-76 (continued)

State	Ongoing Program?	Type of Program	Most Recent Testing Year	Census/Sampling	Grade/Age Levels	Test Content Area
North Carolina	Yes	State Assessment	1973-74 1974-75 1975-76	Sample (the legislature has recently mandated that all pupils in Grades 3, 6 and 9 be assessed by the state program in the future).	Grade 3 Grade 6 Grade 9	{Reading, Language, Math {Social Studies, Science, {Cultural Arts, Health, {Physical Education
North Dakota	Yes	State Testing	1975-76	Census/Voluntary (50% to 69%)	Grade 3, 5, 7(Districts have option of substituting Grades 4, 6, 8) Grade 9, 11	Reading, Language, Math Achievement Battery
	Yes	State Assessment	1975-76	Sample	Grade 11	Reading
Ohio	Yes	State Assessment	1975-76	Sample	Grade 8 Grade 12	Reading Math
Oklahoma	No	Achievement tests have not been administered on a statewide basis by the State Assessment Program since March, 1970.				
Oregon	Yes	State Assessment	1974-75 1975-76	Sample	Grade 4 Grade 4	Reading Math
Pennsylvania	Yes	State Assessment	1975-76	Census/3 year cycle (each year, one third of the schools are tested. Cycle 1 included spring 1974, 1975 and 1976. Cycle 2 will begin in spring 1978. Any schools that were not tested during Cycle 1 were tested in spring, 1977.	Grade 5, 8, 11	Verbal Analogies, Math (And 9 noncognitive areas)
Rhode Island	No	State Testing(in 1974-75 a mandatory Census approach was used by the state testing program).	1974-75	Census/Mandatory	Grade K Grade 4, 8	Readiness Reading, Language, Math, Social Studies
	Yes	State Assessment(in 1975-76, a "testing within" assessment program was instituted and included a shift from census to sampling approach and from single test forms to multiple sampling test forms).	1975-76	Sample	Grade 4, 8	Reading, Language, Math, Social Studies
South Carolina	Yes	State Testing	1975-76	Census/Voluntary (70% to 89%)	Grade 4, 7, 11	Reading, Language, Math, Social Studies, Science
South Dakota	No	State Testing(discontinued in 1974)	1973-74	Census/Voluntary (30% to 49%)	Grade 4, 9	Reading, Language, Math, Social Studies, Science
Tennessee	Yes	State Testing	1975-76	Sample	Grade 4, 8	Reading, Language, Math, Social Studies, Science
Texas	Yes	State Assessment	1973-74 1975-76	Sample Sample	Grade 6 Grade 9, 12	Reading, Math Career Education

Table 3 State Summary of Achievement Test Data Collected on a Statewide Basis During Interval 1970-76 (continued)

State	Ongoing Program?	Type of Program	Most Recent Testing Year	Census/Sampling	Grade/Age Levels	Test Content Area
Utah	Yes	State Assessment	1974-75	Sample	Grade 5, 11	Math, Science
Vermont	No	No State Assessment Program. No achievement test data were collected on a statewide basis during interval 1970-76.				
Virginia	Yes	State Testing	1975-76	Census/Mandatory	Grade 4, 6	Reading, Language, Math, Social Studies, Science
					Grade 8, 11	Reading, English, Writing, Math Social Studies, Science
			1976-77	Census/Mandatory	Grade K-6	Reading, Communication, Math
Washington	Yes	State Assessment	1974-75	Sample	Grade 4	Reading, Writing, Math Spelling
			1975-76	Sample	Grade 4	Math
West Virginia	Yes	State Testing	1975-76	Census/Mandatory	Grade 3, 6, 9, 11	Reading, English, Math, Social Studies, Science
Wisconsin	Yes	State Assessment	1975-76	Sample	Grade 4, 8, 12	Reading, Language, Math
Wyoming	No	Between 1971 and 1975, ESEA Title III funds were used to support statewide testing as a part of needs assessments.	1973-74 1974-75	Sample Sample	Grade 12 Grade 12	Communication Arts, Science Social Studies, Music

and verification of data.

These requirements would involve changes in most state testing and assessment programs and surely increase in costs. Further, additional states that have no ongoing testing or assessment program might have to invest in such an endeavor. We have not estimated how these cost increases would compare to a national district-level achievement-testing program.

Conclusions

Mr. Chairman and members of the Committee, we here content ourselves with arguing the "technical" feasibility not the philosophical, moral, or political meaningfulness of achievement-based Title I fund allocation.

On the basis of the information and reasoning exposited, we conclude that it is entirely feasible to implement a NAEP-type achievement-based Title I eligibility estimation procedure and that the National Assessment for Educational Progress would be the most experienced agent to take this task on. The problems that we have discussed are truly solvable within short time spans, so that there are no severe unresolved technical problems that would obstruct a national achievement assessment for Title I fund allocation. NAEP itself seems to hold this stance also.

Of course, a vital part in a decision on such a project is costs. We estimated total assessment costs at roughly $7.2 million, a figure very near to a budget recently prepared by NAEP. This estimate excludes cost increases that result from a necessarily more extensive ELSEGIS data collection and we disregarded costs associated with auditing necessary to ensure reliability of collected achievement data.

In terms of the total number of children currently counted as being in poverty, the yearly achievement testing costs for state-level eligibility estimation would amount to about $0.50 per child, assuming a 2-year testing cycle, or $0.33 per child for a 3-year cycle. These testing costs represent 0.16 and 0.11 percent of total current expenditures for Title I, respectively.[4] However, costs increase considerably if multiple subject areas and age or grade groups are tested. And costs increase tremendously, if the testing is to result in reasonably accurate eligibility estimates for school districts. We believe that costs of $40 or $50 million for district-level Title I eligibility estimation are only warranted, if such an extensive project would actually incorporate state and district testing and assessment programs and also be integrated with program evaluation and improvement so that the nation's testing costs would remain within advocatable bounds.

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[4] Yearly expenditure 2.2 billion dollars, which has been increased to 2.8 billion dollars for fiscal year 1978.

LIKELY CONSEQUENCES OF A CHANGE FROM POVERTY TO ACHIEVEMENT

We have also investigated the likely consequences of using an achievement basis for the allocation of Title I funds by analyzing nationally collected test data for the states and state test data for districts in selected states. And we have compared achievement eligibility to poverty rates, using 1970 and 1975 poverty data.[5] To accomplish this task, we assembled data from five sources.

Data Sources

Anchor Test Study.[6] A study conducted to equate and norm eight very widely used reading tests. Data were collected nationwide in 1972 from 192,000 pupils in grades 4, 5, and 6. We used the grade 4 reading comprehension data to estimate achievement-based eligibility rates for each state.[7]

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[5] Data, methodologies used, and results have been summarized in two reports: Haertel, E.H., Harnischfeger, A., Pifer, R.E., Wiley, D.E. and Woods, E.M., Achievement Measures In Title I Eligibility Criteria: Concepts, Methods, and Eligibility Estimation. Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc., September 1977.

Haertel, E.H. and D.E. Wiley. Achievement and Poverty as Title I Eligibility Criteria: Statistical Comparisons and Findings. Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc. November 1977.

[6] Loret, P.G., A. Seeler, J.C. Bianchini, and C.A. Vale. Anchor Test Study-The Equating and Norming of Selected Reading Achievement Tests (Grades 4, 5, and 6). Washington, D.C.: U.S. Department of Health, Education, and Welfare, Office of Education, 1974a.

Loret, P.G., A. Seeler, J.C. Bianchini, and C.A. Vale. Anchor Test Study Equivalence and Norms Tables for Selected Reading Achievement Tests (Grades 4, 5, and 6). Washington, D.C.: U.S. Department of Health, Education, and Welfare, 1974b. 31 volumes.

[7] A series of analyses we performed indicated that the score distributions of grades 5 and 6 were not materially different from those of grade 4.

State Testing and Assessment Programs. Data were obtained from 33 states and D.C., all of which had collected achievement test data in reading in grades 4, 5 and/or 6 or from 9 year olds during 1973 to 1976. However, states differed widely in time and comprehensiveness of testing and in tests used, so that we had to employ complicated methodologies to make these state testing data comparable. That part of the study revealed that data deriving from current state testing and assessment programs cannot be accurately used for state eligibility estimation.[8] But state data are usable for tracing trends in eligible estimation within states and we performed district-level analyses for four states: Alabama (1974/75 data, grade 4, spring testing), California (1973/74 data, grade 6, fall testing), Michigan (1974/75 data, grade 4, fall testing), New York (1974/75 data, grade 6, fall testing).

National Assessment of Educational Progress (NAEP). We used NAEP's reading data, collected in 1970 and 1975 -- from 9 year olds -- only for the equating of some state assessment data, as the NAEP sample design does not allow acceptably precise estimates of performance by state or district. However, none of the analyses reported below were based on NAEP data.

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[8] For a summary, see
Haertel, E., A. Harnischfeger, D.E. Wiley, and E.M. Woods. Achievement Measures as Title I Eligibility Criteria: The Test Data File, A Report on File Usage. Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc., May 1977.

1970 Census Data. The Census Bureau prepared special state- and district-level tabulations for NIE which reported the numbers of 5 to 17 year olds in six location types (e.g., central cities, non-metropolitan urban area) by three ethnic/racial categories (black, hispanic, white) and the numbers of 5 to 17 year old children in poverty for these location and ethnic/racial categories. We merged this information with the achievement data bases we had developed, in order to compare 1970 poverty and achievement eligibility rates for states and for school districts in the selected states.

1976 Survey of Income and Education. Updated state-level poverty estimates for 1975 from this survey were used to provide a more recent contrast to the achievement eligibility estimates.

Poverty Versus Achievement Estimates: What Do We Compare?
Our indicators of poverty represent strictly estimates or counts of children 5 to 17 years old in poverty. Thus, we compared low achievement to only the most basic indicator of educative disadvantage, presently used in the funds allocation formula. We did not account for the number of children eligible because of AFDC in various states nor did we consider the double counts currently in the formula for handicapped. Our comparisons between poverty and achievement strictly focus on those children 5 to 17 in poverty and below certain achievement levels.

We compared two poverty figures to achievement: 1970 poverty--based on Census data -- and 1975 poverty -- based on the Survey of Income and Education. The poverty estimates for these two years are quite different in that the 1975 figures in general vary less among states than the 1970 figures. There are two major causes for these changes: (1) The economic conditions and thus the distribution of income have changed differentially in states; grossly, the South appears less poor in 1975 than in 1970 and the North less rich. (2) But also, these economic changes are related to changes in birth rate and in population; states and school districts vary tremendously in population changes and in income level of in-and out-migrating populations, and the general drop in birth rate that has now reached elementary schools, widely varies among geographic locations and especially among school districts.[9] Although the 1975 poverty figures for 5 to 17 year olds will likely be closer to those for 1980 than the comparative 1970 poverty figures, the changes from 1975 to 1980 could be as large or larger than those between 1970 and 1975. Surely, we consider the 1975 poverty estimates the more appropriate for an assessment of the likely consequences that a change from poverty to achievement might have for Title I funds allocation. Unfortunately, these figures only exist for states. Therefore, our district-level results had to be based on 1970 poverty counts.

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[9] U.S. Congress, Office of Technology Assessment, Demographic Trends Influencing the Elementary And Secondary School System. In: Hearings Before The Sub-committee on Elementary, Secondary, and Vocational Education of the Committee on Education and Labor, House of Representatives, May 10, 11, 1977.

For states, we compared 1975 poverty levels to the 1972 achievements of 4th graders in reading comprehension. However, although we do not find national changes in achievement for this grade level up to 1975, our estimates again cannot be generalized to other especially higher grade levels and to 1980 and will not reflect recent state-level changes.[10] Our district-level analyses are based on data mostly collected in the Fall of the 1974/75 school year (except AL, Spring testing; CA, 1973/74). They are based on reading comprehension in grade 4 (AL, MI) and grade 6 (CA, NY). This diversiveness weakens the comparability. However, our state and district-level results can be considered as gross indicators of the likely consequences of a change from poverty to achievement for Title I funds allocation.

Minimal Achievements

However, once the achievement test data were assembled, a critical problem remained: How to convert these data into estimates of Title I eligibles. Poverty-based eligibility figures are currently grounded in the Orshansky poverty definition which sets income cutoffs ("threshold") based on minimum family budgets, necessary for sustaining specified nutritional standards. However, a parallel process of standard setting has not yet been accomplished for educational achievement. Consequently, we proceeded by specifying a series of arbitrary cutoffs which included a broad range of possible eligibility levels.

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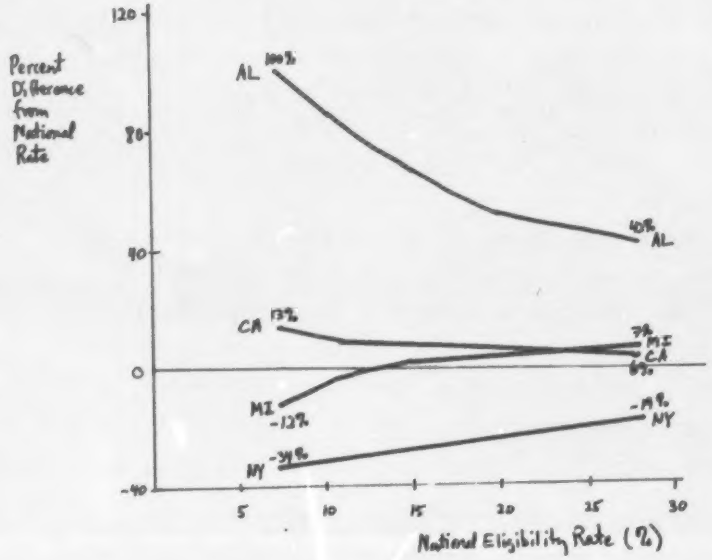
[10] We found achievement losses for grades beyond 4 for a study period of 1965 to 1975, see, Harnischfeger, A. and Wiley, D.E. Achievement Test Score Decline: Do We Need to Worry? Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc., 1975.

Using the Orshansky definition, between 14 and 15 percent of children 5 to 17 years old, nationwide, were found to be living in poverty by both the 1970 Census and the 1975 data of the 1976 Survey of Income and Education. We set one of our achievement cutoffs to result in a similar national proportion of low achievers. However, we set other cutting points, corresponding to national percentages of low achievers as small as 7 and as large as 28 percent. These cutting points do not uniformly affect states and local school districts, however, For example, proportionately, the State of Alabama at the lowest cutting point has 100 percent more low achievers than the national average while at the highest its percentage is only 42 percent greater. Alabama's percentage of children in poverty, on the other hand, was 99 percent greater than that nationwide in 1970, and only 10 percent greater in 1975.

These figures, along with corresponding ones for California, Michigan, and New York are displayed in Figure 1. They show that at most cutting points, Alabama would have had, in 1970, fewer achievement-based eligibles than children in poverty. New York, on the other hand, has uniformly fewer achievement eligibles than poverty children and California and Michigan uniformly more.

Figure 1. Percent Difference Between National And State Achievement Eligibility, By Cutting Point, For Four States.*



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* Positive values indicate higher and negative lower rates than nationally.

Likely Consequences Of A Change From Poverty To Achievement for STATES

Results for the fifty states and the District of Columbia are exhibited in Table 4. There, the figures are the percentages by which state poverty or achievement eligibility exceeds or falls short of national averages. The achievement figures are based on a cutting point for which national rates approximately match those for poverty. We note, again, that Alabama's 62 percent excess of low achievers falls between the 99 percent and 10 percent figures for poverty in 1970 and 1975, respectively.

More generally, at a poverty-equivalent cutting point, 13 states gain or lose depending on whether the comparison is made to 1970 or 1975 poverty, 12 states and the District of Columbia gain with respect to either comparison and 25 states lose for either. However, neither the number nor the identity of these states will remain the same for different cutting points.

Regionally, each of these counts (1970 poverty, 1975 poverty, achievement) results in substantially higher rates of eligibility for Southern states than for Midwestern or Northeastern ones, with the West falling inbetween. However, for most achievement cutting points, regional achievement eligibility is closer, relatively, to 1970 poverty counts than to those for 1975. Generally, achievement-based funding would tend to benefit the South and the West if contrasted with a 1975 poverty base. And generally, for both states and regions, reallocations would be less extreme for 1975 poverty counts than for either 1970 poverty or achievement.

Table 4. Percent Difference Between National And State Rates of Poverty And Low Achievement by State *

State	Poverty 1970	Poverty 1975	Achievement **	State	Poverty 1970	Poverty 1975	Achievement **
AL	99	10	62	MT	-13	-13	-53
AK	-2	-56	85	NE	-19	-30	-48
AZ	18	17	-25	NV	-41	-24	-27
AR	112	49	58	NH	-48	-29	-68
CA	-18	-4	3	NJ	-41	-20	-48
CO	-18	-26	-24	NM	77	80	17
CT	-51	-42	-8	NY	-18	-9	-31
DE	-20	-28	23	NC	61	24	29
DC	56	9	223	ND	6	-20	-39
FL	27	50	33	OH	-34	-20	-32
GA	64	48	133	OK	31	1	-32
HI	-35	-33	-62	OR	-31	-42	-22
ID	-19	-24	-64	PA	-29	-13	-23
IL	-28	5	-6	RI	-26	-27	-49
IN	-39	-33	-5	SC	96	66	112
IA	-34	-45	-52	SD	23	-9	-36
KS	-23	-40	-46	TN	67	42	17
KY	69	49	38	TX	45	42	-2
LA	102	59	124	UT	-33	-44	-43
ME	-5	6	-51	VT	-23	24	8
MD	-23	-26	30	VA	22	-5	45
MA	-44	-35	-50	WA	-38	-31	-34
MI	-39	-22	-3	WV	64	31	5
MN	-36	-37	-44	WI	-41	-35	-27
MS	179	126	179	WY	-25	-40	-87
MO	0	2	-10				

* Positive values indicate higher and negative values lower rates than nationally.

** The achievement cutting point is here matched, approximately, to achieve national rates equal to those for poverty.

Likely Consequence Of A Change From Poverty To Achievement For DISTRICTS

Results for five distinct types of school districts are reported in Table 5. These district types are defined by level of urbanization and/or racial/ethnic composition.

The first district type is major urban center. Here, we picked a large city in each of the four states selected for special analyses. For each city, the table displays the percentage by which the 1970 poverty rate exceeded or fell short of the overall national average. E.g., in Birmingham, Alabama, the poverty rate of children 5 to 17 exceeded the national rate for children in that age category by 93 percent. In contrast, the poverty rate in Los Angeles, California, exceeded that national rate by only 9 percent. In addition, the corresponding lowest and highest percentages are given for rates of low achievement. Again, these achievement eligibility figures span the range of cutoffs chosen to represent likely standards of minimum achievement. Finally, the last row listed under this district type displays parallel figures for a "typical" large city district based on national data. This "district" was constituted using simulated data for an urban area with a racial/ethnic composition corresponding, approximately, to several of the nation's largest cities in 1970 (41 percent White, 48 percent Black, and 11 percent Hispanic). Generally, poverty and achievement eligibility rates in urban centers exceed national averages. In addition, for most achievement cutting points, these data also display a uniform comparative result: major urban centers would have larger numbers of achievement-based eligibles than children in poverty. Based on the national data, however, the discrepancy is greater when achievement is contrasted with 1975 poverty than with 1970 poverty.

Table 5. Percent Difference Between National And School District Rates of Poverty And Achievement, by District Type, for Several States And Cities*

Major Urban Areas	Poverty		Achievement
	1970	1975	Range
Birmingham, AL	93	-	72 - 144
Los Angeles, CA	9	-	44 - 76
Detroit, MI	22	-	94 - 98
New York, NY	37	-	35 - 52
In U.S.[a]	72	39	62 - 171
Suburbs[b]			
In AL	-2	-	-2 - 8
In CA	-59	-	-75 - -54
In MI	-65	-	-37 - -17
In NY	-63	-	-80 - -69
In U.S.	-81	-42	-72 - -27
Rural			
Mostly White[b]			
In AL	45	-	-29 - -10
In CA	-14	-	-40 - -33
In MI	-27	-	-40 - -10
In NY	-28	-	-79 - -60
In U.S.	54	28	-30 - -10
Significantly Black[c]			
In AL	126	-	37 - 76
In U.S.	127	80	61 - 128
Significantly Spanish[d]			
In CA	2	-	12 - 23
In U.S.	96	73	-7 - 10

Racial Composition: a. 41 percent White, 48 percent Black, 11 percent Spanish;
b. 95 percent White;
c. 30 percent Black;
d. 25 percent Spanish

* Positive values indicate higher and negative lower rates than nationally.

The second district type is suburban. In this case, all of the data are simulated on the basis of our analyses and incorporate the assumption of a predominantly White population (95% White). The data used to simulate rates for these cities were derived from the state (Alabama, California, Michigan, New York) and national data bases described above. Generally, suburban districts fall short of national eligible averages, for achievement as well as for poverty. However, these data show little consistency in the contrast of poverty with achievement, either among states or between state and national results. Suburban districts in some localities would gain from a change in eligibility criterion while those in others would lose.

The remaining district types are rural. They vary, however, in racial/ethnic composition: mainly White (95 percent), significantly Black (30 percent), significantly Hispanic (25 percent). Generally, only for the significantly Black districts do both poverty and achievement criteria agree, and in this district type poverty and achievement eligibility rates are all above national averages. Contrasting poverty and achievement, the only general results relate to mainly White rural districts. These districts have consistently higher poverty rates than achievement eligibility rates.

Conclusions

Mr. Chairman and members of the Committee, I hope to have made clear that our estimates of likely changes from poverty- to achievement-based Title I funds allocation should not be taken individually as numerically precise. However, we believe that the study results validly reveal general trends. It appears that, in general, Southern and Western states would gain funds under an achievement criterion. However, the numerical values of individual state estimates depend too much on the particular achievement cutting point chosen to be strongly considered in any decision-making process.

With respect to types of school districts with varying geographical locations and racial/ethnic compositions, we found large central cities gaining under a change from poverty- to achievement-based Title I funding, while predominantly White rural districts tend to lose funds. No general trend could be revealed for alternative district types in other locations with other racial/ethnic compositions.

Mr. Chairman, members of the Committee, I do hope that the study which I have summarized here today will inform your discussion concerning allocation criteria for Title I funding. I would like to add one point which is outside the realm of our study. That is, I strongly feel that any funding criterion should be closely considered with respect to its degree of representativeness of the educative difficulties, encountered by pupils and schools, and eligible counts should be more closely linked to the children actually served with Title I funds. If an achievement criterion were selected to this end, it could also be beneficially used to facilitate the evaluation of program effectiveness and thus tie funds allocation procedures directly to the improvement of Title I programs.

Dr. WILEY. Mr. Chairman, members of the Committee, I thank you for the opportunity to appear before this subcommittee to address such an important matter. Title I of the Elementary and Secondary Education Act of 1965 is surely the most important Federal education program and proposals for changing its procedures for funds allocation demand most careful scrutiny. I am grateful to be allowed to contribute to that process.

I am David Wiley, and this is Annegret Harnischfeger, and we are co-directors of the ML-GROUP for Policy Studies in Education of CEMREL, Inc. Our GROUP, located in Chicago, is devoted to the study and clarification of issues relating to educational policy and practice.

CEMREL is a regional educational laboratory, with headquarters in St. Louis, primarily supported through the National Institute of Education.

I am also an Associate Professor of Education and of Behavioral Sciences at the University of Chicago.

I will now briefly summarize our prepared statement.

Mr. FORD. Without objection, the full joint statement will be inserted in the beginning of your comments in the record. You can add to it or summarize it as you see fit.

Dr. WILEY. Thank you very much.

When President Lyndon Johnson declared war on poverty, he and this committee also launched the largest educational program ever funded to overcome educational disadvantage related to poverty.

The Elementary and Secondary Education Act of 1965 was an attack to overcome consequences of poverty. Congress explicitly emphasized family poverty as the cause for special educational needs disregarding other indicators of deprived home conditions, such as parental education or housing which are also retrievable from census information.

Currently the Orshansky poverty index attempts the assessment of minimally acceptable physical preconditions for the development and learning of children, a distinct task from the direct assessment of educationally supportive environments.

Educational disadvantage also derived from discrepancies in school district funding.

The Federal Government with Title I and other programs and many States now provide special funds to school districts with high percentages of pupils from poor families or for the otherwise educationally disadvantaged. These changes, together with recent court rulings, have surely modified the relation of economic to educational deprivation.

Although there is strong evidence for a close relation of family poverty to educational deprivation, it is also believed that there are numerous other causes of educational disadvantage not captured by the poverty criterion.

However, as we lack knowledge about these other causal factors, it has been proposed to use a direct criterion for Title I fund allocation, that is, the achievements of pupils.

As the members of this committee are well aware, the 1974 Education Amendments directed the National Institute of Education to conduct a comprehensive study in order to enlighten the reauthorization of Title I. Two of the research topics addressed by the study were subsequently investigated by our GROUP. We were to clarify:

—the feasibility and costs of using achievement as the criterion and

—the likely consequences for the allocation of Title I funds of a change from poverty to pupil achievement.

We officially finalized our study yesterday and I am here to report the results.

Mr. Chairman, I will first report on the cost and feasibility of alternative models for obtaining achievement test data which could serve as a basis for determining Title I eligibles in States and in school districts.

Our focus was on, first, a national testing program for achievement-based Title I fund allocation to States, and on, second, the issues which arise in giving States options to use State testing and assessment programs for allocating these funds to school districts.

Our task involved classification of several conceptual and technical issues, the most crucial of which I want to draw your attention to here today, because they bear severe policy implications. These are: target population, population to be tested, and standard setting.

Presently the population for Title I eligible determination consists of all 5 to 17 year-olds residing in specific and exclusive geographical areas at a defined time point.

Politically, a target population determined independently of schooling bears no incentive to maximize enrollment. We propose to define the target population for achievement-based estimation as all 5 to 17 year-olds enrolled in kindergarten through twelfth grade in a school at a specific time point.

Politically, this definition would reward school districts which maximize enrollment, especially when enrolling five-year-old low-achieving children and when successfully keeping low-achieving dropout-prone pupils, mostly 14 to 17 year-olds in school.

The older the pupils we test or the higher the tested grade, the more school effects are intertwined with out-of-school derived pupil abilities or achievements. Testing in late grades or of older pupils would penalize districts which successfully educate pupils of low entering ability levels.

For two districts having pupils with similar school entry performances, the one that raises pupil achievement to a relatively high standard would have fewer eligible pupils than the less successful school district. This disincentive can only be avoided by testing young pupils or those in early grades. That is, Title I eligibility should be based on achievement as an indicator of the educative difficulty that school systems face and not on a hodge-podge of early pupil ability, out-of-school learnings, and school effectiveness.

Strictly, this means that testing in later grades is not advisable, but testing has to take place when pupils enter school, that is, at the beginning of kindergarten or first grade.

However, if children are tested later in the process of schooling, neither a population selection on the basis of age nor grade nor age within grade can overcome differences in pupil achievement caused by State or district enrollment and promotion policies.

Thus the fundamental question of whether a population should be defined by age group, grade level, or age within grade level is ultimately a political issue. Any selection involves specific valuations of different school entry and promotion policies, and at higher grade levels also of school program policies.

Therefore, we support the notion that early achievement measures can be used as indicators of the educative difficulties that individuals, school districts, and States face and thus recommend the testing of school beginners.

A key issue concerning Title I funding once basic criteria are decided upon, be they based on poverty, achievement or on other data, concerns their definition and measurement in ways that permit the counting or estimating of eligibles for Title I funding. This seemingly technical task is actually highly political and controversial. We propose an approach basically similar to the establishment of the current poverty criteria.

The Orshansky index for poverty grounds on technically informed political judgment of basic needs. Surely it is controversial what should go into minimally acceptable food and commodity availability. But if we can decide, however problematically, on minimal and basic nutrition, we can surely address all of the basic issues involved in setting minimal achievement standards.

Following this basic logic, we recommend that standards for achievement deficiencies or educative difficulty be set independently of the test instruments used to assess them. This means that eligiblity is to be defined with respect to an independently specified standard and not in purely relative terms derived as those yielding a particular percent of the lowest achievers on the test to be chosen or developed.

We consider a standard to be a political requirement. Title I funds should be expended to help pupils develop the minimal skils which we, the society, require. Funds should not be spent on an arbitrary percent of low achievers, letting ungrounded cutting points on technically constructed tests determine what that means.

The latter norm-referenced achievement-based eligibility definition leaves the political decision of what constitutes skill deficiency or minimal competence to technicians, that is, test developers. This would be truly irresponsible.

These issues that I have discussed are truly resolvable within short time spans, and there are no severe technical problems that would obstruct a national achievement assessment for Title I fund allocation. NAEP, the National Assessment of Educational Progress, itself seems to hold this stance also.

Of course, a vital part in a decision on such a project is costs. We estimated total assessment costs at roughly $7.2 million, a figure very near to a budget recently prepared by NAEP.

In terms of the total number of children currently counted as being in poverty, the yearly achievement testing costs for State-level eligibility estimation would amount to about $0.50 per child, assuming a 2-year testing cycle, or $0.33 per child for a 3-year cycle. These testing costs represent 0.16 and 0.11 percent of total current expenditures for Title I, respectively.

However, costs increase considerably if multiple subject areas and age or grade groups are tested. And costs increase tremendously if the testing is to result in reasonably accurate eligibility estimates for school districts.

We believe that costs of $40 million or $50 million for district-level Title I eligibility estimation are only warranted if such an extensive project would actually incorporate State and district testing and assessment programs and also be integrated with program evaluation and improvement so that the Nation's testing costs would remain within advocatable bounds.

On the basis of the information and reasoning exposited, we conclude that it is entirely feasible to implement a NAEP-type achievement-based Title I eligibility estimation procedure and that the National Assessment for Eduational Progress would be the most experienced agent to take this task on.

We have also investigated the likely consequences of using an achievement basis for the allocation of Title I funds by analysing nationally-collected test data in reading comprehension for the States and State test data for districts in selected States. We have compared achievement eligibility to poverty rates, using 1970 and 1975 poverty data.

However, once the achievement test data were assembled, a critical problem remained: how to convert these data into estimates of Title I eligibles. Poverty based eligibility figures are currently grounded in the Orshansky poverty definition which sets income cutoffs based on minimum family budgets necessary for sustaining specified nutritional standards. However, a parallel process of standard setting has not yet been accomplished for educational achievement. Consequently, we proceeded by specifying a series of arbitrary cutoffs which included a broad range of possible eligibility levels.

Using the Orshansky definition, between 14 and 15 percent of children 5 to 17 years old nationwide were found to be living in poverty by both the 1970 census and the 1975 data of the 1976 Survey of Income and Education.

We set one of our achievement cutoffs to result in a similar national proportion of low achievers. However, we set other cutting points, corresponding to national percentages of low achievers, as small as seven and as large as twenty-eight percent. These cutting points do not uniformly affect States and local school districts, however. For example, proportionately the State of Alabama at the lowest cutting point has one hundred percent more low achievers than the national average while at the highest its percentage is only forty-two percent greater. Alabama's percentage of children in poverty, on the other hand, was 99 percent greater than that nationwide in 1970 and only 10 percent greater in 1975.

Thus the consequences of a change in eligibility criteria depend strongly on the minimal achievement standard set.

Mr. Chairman and members of the committee, our estimates of likely changes from poverty- to achievement-based Title I funds allocation as displayed in the written statement, should not be taken individually as numerically precise. However, we believe that the study results validly reveal general trends.

It appears that, in general, southern and western States would gain funds under an achievement criterion and the comparison is with 1975 poverty, not with 1970 poverty.

However, the numerical values of individual State estimates depend too much on the particular achievement cutting point chosen to be strongly considered in any decisionmaking process.

With respect to types of school districts with varying geographical locations and racial/ethnic compositions, we found large central cities gaining under a change from poverty- to achievement-based Title I funding, while predominantly white rural districts tend to lose funds. No general trend could be revealed for alternative district type in other locations with other racial/ethnic compositions.

Mr. Chairman and members of the committee, I do hope that the study which I have summarized here today will inform your discussion concerning allocation criteria for Title I funding.

I would like to add one point which is outside the realm of our study. That is, I strongly feel that any funding criterion should be closely considered with respect to its degree of representativeness of the educative difficulties encountered by pupils and schools and eligible counts should be more closely linked to the children actually served with Title I funds.

If an achievement criterion were selected to this end, it could also be beneficially used to facilitate the evaluation of program effectiveness and thus tie funds allocation procedures directly to the improvement of Title I programs.

Thank you very much.

Mr. FORD. Mr. Breglio.

STATEMENT OF VINCENT BREGLIO

[The prepared statement of Mr. Breglio follows:]

THE PARTICIPATION STUDY:
AN ASSESSMENT OF WHO IS AND WHO IS NOT SELECTED FOR COMPENSATORY EDUCATION

VINCENT BREGLIO
RONALD HINCKLEY
RICHARD BEAL

CONGRESSIONAL TESTIMONY FROM
TECHNICAL REPORT #2 OF THE
STUDY OF THE SUSTAINING EFFECTS OF
COMPENSATORY EDUCATION ON BASIC SKILLS

PREPARED FOR
HOUSE SUBCOMMITTEE ON EDUCATION

BY

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OCTOBER 26, 1977

Decima Research

Introduction

Little is known about the student level relationship between a child's family economic circumstances, school achievement and selection for participation in compensatory education (CE) programs in general and Title I programs in particular. A recent study suggests that at the school level, Title I funds for compensatory services seem to be directed to schools with high concentrations of economically and educationally disadvantaged children. (Hoepfner, R.; Wellisch, J. and Zagorski, H., 1977). This finding may be contrasted with an earlier (and less reliable) set of data (NCES Surveys 1967-68 & 1968-69) which suggests that only 40% of economically disadvantaged children--were in Title I schools" (McLaughlin, 1977, p. 19). Considering the difference in time frames (late 60's for the latter, 1976 for the former) one is tempted to conclude that targetting of the economically and educationally disadvantaged population has improved. However, an assessment of the implementation of Title I's overriding objectives--providing financial assistance to school districts and schools with the greatest numbers of economically disadvantaged students and funding special programs for low achieving students in the poorest schools--would be incomplete if not carried to the student level.

Primary questions concerning the implementation of Title I at the student level focus on selection for participation:

- Are there large numbers of children within the specific target groups (poor, low achievers) who are not selected to receive compensatory services?

- Are there large numbers of children outside the specific target groups (non-poor, regular achievers) who are receiving services?

It was the purpose of the Participation Study to address these questions in a large national survey of students and student families. The results of this study shed light on who is and who is not selected to participate in compensatory education programs in general and Title I programs in particular. Provision for this survey was made in the Education Amendments of 1974 (Public Law 93-380). Because the Participation Study is related to other Title I evaluation efforts, it has been made a part of a larger study of the Sustaining effects of compensatory education on basic cognitive skills--a study currently being conducted by System Development Corporation of Santa Monica, California.

As data from this study are presented it must be kept in mind that selection for participation is accomplished in three distinct steps. First, funds are allocated to local school districts (LEAs) through their respective counties on the basis of the number of low income children (ages 5-17) within district boundaries. The procedures for allocating funds at this stage are relatively well defined and may be reduced to a set of mathematical expressions. Next, individual schools receive funds from local administrators who use federal guidelines and available data on poverty to allocate dollars to schools serving the most economically disadvantaged children. Decisions within the allocation system become less predictable at this juncture because of the latitude provided LEAs for individual judgment and use of data sources with differing content and reliability. The third step--selection of individual students within schools for participation--is even less formally structured. The educationally disadvantaged (those most needy within their schools) are the principal target students. For the purpose of this study this group has been defined as those achieving one year or more below grade level. Teachers implement this final step in selection based upon the results of various achievement tests plus their subjective judgment of individual need.

These steps make explicit the concomitant use of economic and educational criteria in the selection process. A question of secondary importance also investigated in this study focuses on the strength of the relationship between economic and educational disadvantage. Still a fourth question of interest to policy makers considers who would and who would not be selected for compensatory education services if the basic economic and educational criteria for selection are altered in some systematic fashion. This presentation of results will attempt to address these questions in addition to the primary questions of interest.

Study Methodology

Decima Research is responsible for the collection and analysis of the data obtained from students and their families in the Participation Study. Our firm worked with and as a subcontractor to System Development Corporation of Santa Monica, California, to execute this research effort. System Development Corporation (SDC) is the prime contractor to USOE for the Sustaining Effects Study (SES) mentioned previously. The Participation Study is a part of this larger Title I evaluation effort.

Sample Selection

A stratified two stage probability sample constituted the basic design for this survey. The sample was chosen at each stage with techniques assuring random selection. Projections from the sample to the universe of elementary school children in grades 1-6 are appropriate.

In the first stage, 243 schools were randomly selected to constitute a representative cross section of elementary schools stratified by geographic region, size of LEA and poverty status of LEA. Schools from high poverty LEAs were over sampled. Of the original 243 schools only one declined to participate in the data collection activity leaving a first stage sample of 242 schools.

Students within each of the 242 schools were selected during the second stage of sampling. With access to the Fall 1976 enrollment lists, a systematic random sample of 15,816 students was chosen. Personal in-home interviews with each student's father or mother were attempted by a field staff of more than 800 professional interviewers trained and supervised by the project team. Interviews were completed with 14,159 respondents for an overall recovery rate of 89.5% of the original sample.

Questionnaire

The primary focus of the questionnaire developed for this study was the economic situation within each family unit. To assure that data collected from each family could be compared with other national data on family economic status collected by the Census Bureau, those portions of the questionnaire seeking economic information were constructed with identical formats as the economic information sections of the Current Population Survey/Survey of Income and Education. Refusal rates on sensitive personal income questions averaged about 3% thus reducing the potential for non-response bias in the income data.

A subordinate focus of the data collection instrument dealt with the educational climate in the home. Questions dealing with student's study habits, parent-child interaction concerning school work, availability of books, magazines, newspapers, TV viewing habits, language spoken in the home, etc. were asked of each respondent. Still a third area of inquiry examined parental awareness of, satisfaction and involvement with Title I programs. These topics will be analyzed in subsequent reports.

Total interviewing time averaged approximately 45 minutes and cooperation by parents was on the whole outstanding.

Other Data Sources

To complete an assessment of the selection of children for compensatory education programs, measures of student achievement and selection status were required. These measures were obtained from SDC who, as part of the Sustaining Effects Study, had administered the Comprehensive Test of Basic Skills (CTBS) to all students in the 242 schools of the representative sample. Further, SDC had completed a school-wide Compensatory Education Roster for each school identifying those students selected to participate in compensatory education programs funded by Title I or other sources.

From the data collected by SDC information on educational achievement--measured in grade equivalents and percentiles--and CE selection status was obtained for all students in the Participation Study sample. Hence, the key variables in our assessment of who is and who is not selected for compensatory education include:

- Family Economic Status (economic criteria)
- Student Educational Status (achievement or educational criteria)
- Student CE Selection Status (Title I, other CE, No CE)

Results

In this section the preliminary results from the Participation Study will be discussed. The present schedule calls for the final report of these results to be available during the first quarter of next year. Tables displaying the important findings from this study have been added as Appendix A. The reader should note that these tables are still subject to slight changes in format and content due to the on going analysis effort.

Sample Validity

We begin our analysis with a comparison of study findings with known or estimated parameters of the universe of interest--children in public elementary school grades 1-6.

Actual student enrollment estimates by racial/ethnic groups for grades 1-6 are not available. However, projections from a 1972-73 school year HEW/OCR sample for grades K-12 report 22% minority enrollment: approximately 15% Black, 5% Hispanic ; just less than 2% American Indian/Asian American. For the Participation Study 22% of the respondents were also from racial/ethnic minorities: 14% Black; 6% Hispanic; 2% American Indian/Asian American. (See Appendix A Table 1 for detail).

The distribution of total family income from the Participation Study also compares favorably with the 1975 and 1976 Current Population Survey family income distributions. (See Table 2). The average family income reported for this study was $15,566 while in 1976 the CPS reports average income nationally was $16,870--a difference attributable at least in part to the younger, less affluent universe for the Participation Study.

Overall the characteristics of the Participation Study sample correspond well to those parameters that can be estimated for the universe of interest. Results based on this sample provide a composite picture of a representative cross section of students and their family economic environments.

The Key Variables

Data collected for the three key variables--family economic status, student achievement status and CE selection status--provide additional descriptions of our sample and its relation to the universe of interest.

In 1975 the Bureau of Census completed a study designed to estimate the total number of school age children 5-17 living in families below the poverty level. The estimate of the national percentage for 1975 was 14.5%. While no percentages or total counts were given for children 6-11 years of age (approximately 96% of the universe for the Participation Study) a very rough estimate of the total in this group assuming a rectangular distribution of children by age yields 3.3 million children in poverty between the ages of 6 and 11. One year later, the March 1976 CPS used to generate the recently released census report on money income and poverty status of families and persons, estimated 15.2% of related children 5-17 were living in families below the poverty level (CPS Advance Report, 1977). Again no figures are available for the pertinent universe for this study. However, the same crude techniques produce an estimate of 3.4 million children living in families at or below the poverty level.

The comparable poverty measure for the Participation Study is based on the 124 poverty level cut off points established for the 1976 Orshansky measure of poverty. From these data, 17.0% of the children in the universe of interest were estimated to come from families at or below the official poverty level. This figure is somewhat higher than the 1976 CPS estimate of 15.2%. Differences may be due to expected sample variation or perhaps poverty is more concentrated among younger families. When projected to the universe of interest, the Participation Study results generate an estimate of approximately 3.4 million children living in poor families--almost identical to the 1976 CPS rough estimate.

These results, based on the Orshansky formula of poverty level cut offs, provide only a part of the accepted definition of economic need used for Title I fund allocation. To those categorized as poor by the Orshansky method we must add two thirds of the children living in families receiving AFDC payments whose money incomes exceed the poverty level as well as all institutionalized students. Rather than making arbitrary assignments of children from above poverty level AFDC families to poor/non-poor categories, all such children have been added to the poor category along with institutionalized children. Therefore, the poor plus AFDC category used in this analysis slightly over estimates the percentage and number of children who may be deemed economically eligible. With the addition of these 'also eligible' children the new estimate of poor plus AFDC is 21.0% or approximately 4.2 million children based on economic criteria.

The second key variable for this analysis is educational achievement. There are no national parameters which count the number of children whose achievement in school is at least one or more years below grade level--the generally accepted definition of low achiever. From the Participation Study we estimate that 23% (nearly one child in four) meets this requirement of educational disadvantage. (See Table 3).

The third and last variable is CE selection status. A few sources can produce data for comparison purposes. For example, in 1968-69, 7.9 million children in grades K-12 were selected to participate; that number dropped to 7.4 in school year 1969-70 (Wargo, M.J., et.al. 1972). NCES/CPIR survey reports indicate 5.9 million and 5.6 million were selected to participate in school years 1971-72 and 1972-73 respectively (McLaughlin, 1966, p.18). A more recent NIE Study estimated that approximately 5.9 million public school students in grade K-8 receive Title I or other funded compensatory education services (NIE Interim Report, 1976). This represents 19.5% of all public school children enrolled in those grades. Again these data do not allow direct comparison with the Participation Study because of the extended grade ranges covered. However, it is possible from the NIE data to produce an estimate of the number of children in grades 1-6 selected to participate. NIE estimates that 18.3% of all CE participants may be found in grades K, 7 and 8 (NIE Report, 1977, p. 81). In round numbers this represents 1.1 million students leaving an estimate of 4.8 million selectees for grades 1-6.

Data collected for the participation study indicate that nearly one child in four (24.8%) is selected to receive some form of CE (see Table 4). Fifteen percent (14.7%) are selected to receive Title I funded services while one in ten (10.1%) is selected for CE funded by other sources. In numbers of students this represents approximately 4.9 million children selected for CE--a number remarkably close to the derived NIE estimate of 4.8 million participants.

Few surprises are found when examining the aggregate distributions of the key variables used in this study. Our estimate of the number of poor children within the universe of public school enrollees in grades 1-6 is very close to a rough national estimate from the March 1976 CPS Study. Similarly, Participation and NIE Study estimates of the number of children selected for CE services show close correspondence. In the following subsections those selected for CE will be analyzed by family economic status and student achievement.

Family Economic Status and CE Selection

Mail questionnaires to 5,000 school principals executed by SDC found that CE funds in general and Title I funds in particular were directed to schools with high concentrations of poor kids (poor children were reported as a percent of total students based on the best judgment of the principal). Indeed, almost every school with a high concentration of poor children received some CE funds. On the other hand, many schools with low concentrations of poor kids also received funds (Hoepfner, et. al., 1977). No indication was given by the principals of how many poor children were served by a CE program.

Estimates of the proportion of poor children selected for CE programs varies from a high of approximately 50% to a low of approximately 20% in two USOE surveys done in 1967-68 and 1968-69 (McLaughlin, 1977, p.20). Still another source of information is the recent NIE Study which estimates that more than sixty percent of those eligible participate in CE programs. Unfortunately the NIE Study fails to differentiate between the economic and educational criteria that determine eligibility. Hence, it is impossible to determine if this participation rate applies to the economically disadvantaged, the educationally disadvantaged or both. All of the above studies share the short coming that they are based on school or school district data. These data do not allow an assessment of the essential question--what proportion of children from poor families are selected for service?

Data from the Participation Study analyzes CE selection by family economic status. It should be noted again that children who might be deemed eligible on the basis of economic criteria include:

- Those from poor families defined by the Orshansky method
- Those from families receiving AFDC payments whose money income exceeds the poverty level
- Institutionalized students who attend public schools

By this definition 4.2 million children constitute the target group for compensatory services (see Table 5). Of this number 1.7 million are selected to be served by CE programs funded by Title I or other sources. This number represents approximately 40% of the target group. Three out of four of the children from poor families selected for service participate in programs funded in full or part by Title I--an indication of the impact of Title I emphasis on economic criteria. It should be remembered that selection to participate in CE at the student level is based on individual achievement and perceived need as assessed by the teacher. Economic situation in the home is not an explicit part of the selection process at this level.

Nevertheless, 6 out of 10 children from poor families are not selected to participate in Title I or other funded CE programs. In total numbers this represents 2.5 million children deemed economically eligible who are not served. On the other hand, 3.3 million children from non-poor families are selected for CE--1.7 million of this number for Title I funded programs.

One last observation. These data indicate that Title I and other CE funds do seem to be reaching those schools with the highest concentrations of poor children as reported in the SDC Study of elementary school principals. From the Participation Study data less than 1 child in 10 from a poor family attends a school where funds from CE programs are not present. Money finds its way to the schools of the economically eligible but less than half of this target group are selected for service.

Educational Achievement and CE Selection

Considering that low achievement is one of the criteria for CE selection at the student level, perhaps we might expect the proportion of eligibles served by this criterion to increase. Indeed, in the SDC Principals Study, Title I and other CE funds seemed to be heavily concentrated in schools with high proportions of poor readers (Hoepfner, et. al., 1977). Moreover, a recent study of compensatory reading programs concluded that schools receiving Title I support were able to serve a larger proportion of their students with compensatory reading programs than non-Title I schools and that those children served were indeed the most needy based on various achievement measures (USOE Report, 1976).

Educational achievement in the Participation Study was measured by the Comprehensive Test of Basic Skills. Those scoring one year or more below grade level were categorized as low achievers. (While not necessarily the best definition of low achievement since it cannot be applied to the complete grade range 1-6 it is, nevertheless, widely used and required by that section of the '74 amendments commissioning this study It must be remembered that no grade equivalent achievement score could be calculated for first graders, hence, estimates are based on students in grades 2-6 only.

In grades 2-6, there are a total of 3.8 million CE eligible students based on the low achievement criterion. (See Table 6). Of this number, 1.75 million have been selected to participate in a CE program. This represents a selection rate of approximately 47%--somewhat higher than the rate among economically needy children. Two out of three educationally disadvantaged children selected to participate in a CE program are designated for programs funded in whole or part by Title I.

Still one out of two 2nd through 6th graders who are educationally disadvantaged miss out on compensatory educational services.

At the same time, approximately 2.4 million regular achievers in the same grades have been selected for CE program participation.

Funds are directed to those schools containing the largest number of low achievers. Only 2.8% of all students in grades 2-6 are low achievers attending a school where some form of CE is not available.

Another approach to assessing the selection for participation among educationally needy children is based on achievement scores expressed in percentiles. This approach has the advantage of including the complete grade range 1-6 thus making the results based on educational eligibility directly comparable with those for economic eligibility. However, the choice of which percentile score separates the low achiever from the regular achiever is quite arbitrary. For this analysis we have chosen to identify the bottom third of the percentile distribution as low achievers (those scoring at or below the 33rd percentile).

By this definition of low achievement, there are 6.6 million educationally eligible children in grades 1-6. (Nearly double the number of eligibles under the former definition). (See Table 7). Of this number 2.9 million have been selected to participate in CE programs; leaving 3.7 million eligible students unserved. Only 2.0 million regular achievers are selected to participate under this definition of educational need--a drop in non-target children served even with a larger student base than the previous achievement measure.

Double Targetting

A double target group consists of children who meet the requirements of both economic and educational criteria to participate in a Title I compensatory program. Since two alternative definitions of educational status have been presented, double targets by both definitions will be discussed. For ease in presenting the data and making comparisons a common base of one hundred students will be used.

First, data using one year or more below grade level as the definition of low achiever will be analyzed. (See Table 8). Remember these data pertain only to students in grades 2-6. Consider the following findings:

- 9 out of 100 children are double targets for compensatory education
- Of these double targets 5 out of 9 or approximately 56% have been selected for CE services
- 12 out of 100 children qualify as poor but not as low achievers
- Of these 12, 4 have been selected for CE Services
- 14 out of 100 children qualify as low achievers but not as poor
- Of these 14, 6 have been selected for CE services
- 65 out of 100 children are neither poor nor low achievers

- Of these non-target children, 11 have been selected to receive CE services

The rate of selection for participation is best among children who are both economically and educationally needy. But even among this narrowly bracketed group, 4 in 10 do not receive services. More children qualify on the basis of low achievement than poverty and further the selection rate is higher on low achievement than on poverty. All of the double targets and many of the poor or low achiever targets could be served without any increase in funding if targetting was more accurate.

A second approach to the double target group makes use of an alternative definition of low achiever--the bottom 1/3 of the achievement distribution expressed in percentiles (see Table 9). These data cover all students in grades 1-6. Consider the following:

- 12 out of 100 children are double targets for compensatory education
- Of these double targets 6 out of 12 or approximately 50% have been selected for CE services
- 9 out of 100 children qualify as poor but not as low achievers
- Of these nine, 2 have been selected for CE services
- 21 out of 100 qualify as low achievers but not as poor
- Of these twenty-one, 8 have been selected for

CE services

- 58 of 100 children are neither poor nor low achievers
- Of these non-target children, 8 have been selected to receive CE services

Again the rate of selection for participation is best among children who are both economically and educationally eligible. However, the percentage selected to participate drops from 56 % under definition based on grade equivalents to 50% using the bottom 1/3 to define low achiever. Other changes occur as a result of this change in definition. The number of poor but not low achieving children drops while the number of double target children increases. This suggests that many poor children are marginal low achievers who just miss qualifying under the more accepted grade equivalent definition. On the other hand, the number of low achievers who are not poor increased substanitally under the alternative--definition--a not unexpected result. The selection rate among non targetted children drops slightly an indication of somewhat more accurate targetting on the basis of need.

Economic and Educational Status

The steps for participant selection into CE programs are based on both economic and educational criteria. To the extent that these variables are highly related to each other, the allocation of resources based on one criterion or the other, is a mute point. On the other hand, if the relationship is slight or non-existent then a basic assumption of compensatory education may be questionned--that economic disadvantage leads to educational disadvantage.

Data from the Participation Study indicate that economic and educational status are related but not as strongly as some might have thought. (See Table 10). Using the definition of educational achievement based on grade equivalents and limiting the universe of interest to students in grades 2-6 we found:

- The probability of a child being a low achiever given he or she is also poor is significantly higher than the same probability given the child is not poor (.42 verses .18)
- Even so nearly 6 out 10 poor children do not qualify as low achievers
- In terms of numbers of children, non-poor low achievers out number poor low achievers by nearly 2 to 1

Changing the definition of low achiever to the bottom 1/3 of all students (grades 1-6) shows that:

- The probability of a child being a low achiever given he or she is also poor is, again, higher than the same probability given the child is not poor (.57 verses .27) (See Table 11)
- Still 4 in 10 poor children do not qualify as low achievers
- In terms of numbers, non-poor low achievers still out number poor low achievers by nearly 2 to 1

The data suggest that allocating funds on the basis of economic status overlooks many educationally disadvantaged youngsters. The less than perfect relationship between economic and educational disadvantage contributes to this finding. On the other hand, to ignore economic status when allocating funds would dilute the services that are now enjoyed by only 4 out of 10 poor children. This is especially true considering the fact that funds for compensatory education other than Title I are often directed to the non-poor.

Alternative Definitions

Two alternative definitions of low achievement have already been presented. The effect of the alternative definition using the bottom 1/3 of the achievement distribution expressed in percentile scores is to increase the number of educationally eligible and double targetted children while reducing the number of economically but not educationally eligible children. Similar changes may be considered in the economic criteria for selection.

Some have suggested that the basic Orshansky method of establishing poor and non-poor families should be increased to include the marginally poor. For practical purposes this amounts to increasing all the current poverty cut offs by some percentage. (See Table 12). An analysis focusing on the current poverty measure without adding AFDC and institutionalized eligibles shows that for low achievers:

- 3 out of 10 low achievers come from families with money incomes at or below the current poverty level

- Increasing the poverty cut offs by 115% and 125% increase the proportion of poor/low achievers to 37% and 41% respectively. This means roughly 4 out of 10 low achievers come from families at or below the measured cut off point under the alternative economic measure
- At 150% of the current poverty level 1 out of 2 low achievers come from poor families
- Even if the current poverty level is doubled (200% of current poverty) only 64% of the low achievers come from poor families

Altering the economic criteria for selection does increase the group of poor/low achievers that constitute a double target for compensatory services. However, even with the most liberal economic criteria, 4 out of 10 low achievers cannot be counted as poor.

Summary

At the outset of this presentation two primary questions concerning the implementation of Title I at the student level were phrased:

- Are there large numbers of children within the specific target groups (poor, low achievers) who are not selected to receive compensatory services?

. Are there large numbers of children
outside the specific target groups
(non-poor, regular achievers) who
are receiving services?

The answer to both questions is yes. Based on economic and educational criteria 2.5 million poor children, 3.7 million low achievers and 1.1 poor/low achievers are not selected to participate in Title I or other funded compensatory education programs. At the same time, compensatory education services are selecting 1.6 million non-poor/regular achievers for services. Improved targetting with no change in funding level could more than meet the needs of the double target group.

A more positive finding indicates that Title I and other funds are indeed getting through to the schools with the highest concentrations of poor and low achievers. Four out of 100 students are low achievers and attend schools not presently receiving some CE funds. Only 2 out of 100 students are poor and attend schools without CE. Further, those students in the double target group of poor/low achievers have the highest selection rate (56%) suggesting that the allocation formula with all its problems is hitting the mark more than half the time.

Those expecting to find that economic status will serve as a one for one surrogate for educational achievement at the student level will be somewhat disappointed by the results of this study. There is a relationship between these two important selection variables and it is in the expected direction--more poor children on a percentage basis are low achievers than non-poor children. Still 4 in 10 poor children do not fall in the bottom 1/3 of their respective classes based on percentile scores. Further, nearly 3 in 10 non-poor children are part of that bottom 1/3.

Title I funds have been more effective than other sources of CE funds in discriminating between target and non-target students. That is, Title I funds go to more poor and/or low achieving students than non Title I funds which seem to be spread across target and non-target students alike. Without the emphasis on economic criteria for selection purposes it appears as though the impact on poor children attributed to the Title I funds would be diluted substantially.

APPENDIX A

TABLES FOR CONGRESSIONAL TESTIMONY

TABLE 1

10/18/77

COMPARISON OF ENROLLMENTS BY RACIAL/ETHNIC PERCENTAGES FROM HEW/OCR DIRECTORY, PROJECTIONS FROM THE PRINCIPAL SAMPLE AND PARTICIPATION STUDY SAMPLE

Racial/Ethnic Category	HEW/OCR Directory Observed Sample	HEW/OCR Directory Universe Projection*	Principal Sample Projection To Universe*	Participation Study Sample
American Indian	0.5	0.5	0.9	0.8
Asian American	0.6	0.5	1.0	1.3
Black	16.1	15.2	16.2	13.9
Hispanic	5.6	5.4	5.8	6.2
White	77.3	78.3	76.2	77.7
Totals	100.1	99.9	100.1	99.9

*HEW/OCR And Principal Sample Projections taken from Ralph Hoepfner, Henry Zagorski and Jean B. Wellisch, The Sample For The Sustaining Effects Study And Projections Of Its Characteristics To The National Population: Technical Report #1 From The Study of the Sustaining Effects of Compensatory Education on Basic Skills (Santa Monica, CA: System Development Corporation, June, 1977), p. 101.

10/15/77

TABLE 2

PARTICIPATION STUDY

RESPONDENT FAMILIES BY TOTAL FAMILY INCOME IN 1976

(With Comparison to 1975 and 1976 Current Population Survey)

Income Range	1975 CPS %	1976 CPS %	Participation Study Sample %
Under $5,000	12.0	10.4	11.4
$5,000 to $6,999	8.3	7.8	7.3
$7,000 to $9,999	12.8	11.8	11.7
$10,000 to $14,999	22.3	20.2	21.8
$15,000 to $19,999	18.7	19.1	21.1
$20,000 to $49,999	24.3	28.8	25.5
$50,000 and Over	1.4	1.9	1.1

TABLE 3 10/15/77

STUDENT EDUCATIONAL ACHIEVEMENT STATUS

REGULAR OR AT LEAST ONE YEAR BELOW GRADE LEVEL (Grades 2-6 Only)

Source: Comprehensive Test of Basic Skills (CTBS)
Fall 1976 Administration
Combined Reading and Math Scores

Status	%
Regular Achiever	76.9
Low Achiever	23.1
	100.0

UNPUBLISHED DATA
Source: Particiation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

TABLE 4 10/15/77

COMPENSATORY EDUCATION (CE) SELECTION STATUS

Source: Compensatory Education Roster
Fall 1976 Administration

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Selection For:		%
Title I CE Only	12.6	14.7
Title I and Other CE	2.1	
Other CE Only		10.1
No CE at a CE School		61.1
No CE at a Non-CE School		14.1
		100.0

24.8% Receive Some Form of CE

TABLE 5

10/15/77

PROJECTED TOTAL POPULATION FREQUENCY OF COMPENSATORY EDUCATION (CE)SELECTION BY FAMILY ECONOMIC STATUS

(Numbers in Thousands)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Economic Status	CE Selection Status Title I/ Title I & Other CE	Other CE Only	No CE at CE School	No CE at Non-CE School	Total Counts
Poor/AFDC	1240	440	2201	280	4161
Non-Poor	1701	1560	10043	2541	15845
Total Counts	2941	2000	12244	2821	20006

TABLE 6

10/15/77

PROJECTED TOTAL POPULATION FREQUENCY OF COMPENSATORY EDUCATION (CE)SELECTION BY BASIC ACHIEVEMENT

(Grades 2-6 Only)
(Numbers in Thousands)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Basic Achievement	CE Selection Status Title I/ Title I & Other CE	Other CE Only	No CE at CE School	No CE at Non-CE School	Total Counts
Low Achiever	1178	573	1571	458	3780
Regular Achiever	1309	1080	8248	1948	12585
Total Counts	2487	1653	9819	2406	16365

TABLE 7

10/20/77

PROJECTED TOTAL POPULATION FREQUENCY OF COMPENSATORY EDUCATION (CE)SELECTION BY EDUCATIONAL STATUS

(Numbers in Thousands)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Educational Status	CE Selection Status Title I/ Title I & Other CE	Other CE Only	No CE at CE School	No CE at Non-CE School	Total Counts
Bottom Third	1961	941	2916	764	6582
Top Two-Thirds	980	1060	9307	2077	13424
Total Counts	2941	2001	12223	2841	20006

TABLE 8

10/18/77

PROJECTED NATIONAL FREQUENCIES OF COMPENSATORY EDUCATION (CE) SELECTION AND FAMILY ECONOMIC STATUS BY BASIC ACHIEVEMENT

(Grades 2-6 Only)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

CE SELECTION AND ECONOMIC STATUS

	POOR/AFDC				
Basic Achievement	Title I/ Title I & Other CE %	Other CE Only %	No CE at CE School %	No CE at Non-CE School %	Total Poor Counts
Low Achiever	578	199	567	96	1440
Regular Achiever	443	158	1234	162	1997
Total Poor Counts	1021	357	1801	258	3437

	NON-POOR				
Basic Achievement	Title I/ Title I & Other CE %	Other CE Only %	No CE at CE School %	No CE at Non-CE School %	Total Non-Poor Counts
Low Achiever	595	375	1008	362	2340
Regular Achiever	866	905	7033	1784	10588
Total Non-Poor Counts	1461	1280	8041	2146	12928
Total Counts	2482	1637	9842	2404	16365

TABLE 9

10/26/77

COMPENSATORY EDUCATION (CE) SELECTION AND POOR FAMILY ECONOMIC STATUS BY EDUCATIONAL STATUS

(As Percent of Total Sample)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Educational Status	CE SELECTION AND ECONOMIC STATUS POOR/AFDC Title I/ Title I & Other CE %	Other CE Only %	No CE at CE School %	No CE at Non-CE School %	Total Row Percents
Bottom Third	4.65	1.55	4.81	.78	11.79
Top Two-Thirds	1.48	.65	6.11	.76	9.00
Total Column Percents	6.13	2.20	10.92	1.54	20.79

Educational Status	CE SELECTION AND ECONOMIC STATUS NON-POOR Title I/ Title I & Other CE %	Other CE Only %	No CE at CE School %	No CE at Non-CE School %	Total Row Percents
Bottom Third	5.16	3.14	9.75	3.01	21.06
Top Two-Thirds	3.36	4.61	40.60	9.59	58.16
Total Column Percents	8.52	7.75	50.35	12.60	79.22

TABLE 10

10/18/77

BASIC ACHIEVEMENT BY FAMILY ECONOMIC STATUS
(Grades 2-6 Only)
(Numbers in Thousands)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Economic Status	Basic Achievement Low Achiever	 Regular Achiever	Total Counts
Poor/AFDC	1440	1997	3437
Non-Poor	2340	10588	12928
Total Counts	3780	12585	16365

TABLE 11

10/20/77

EDUCATIONAL STATUS BY FAMILY ECONOMIC STATUS
(NUMBERS IN THOUSANDS)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Economic Status	EDUCATIONAL STATUS Bottom Third %	 Top Two-Thirds %	Total Counts
Poor/AFDC	2361	1800	4161
Non-Poor	4221	11624	15845
Total Counts	6582	13424	20006

TABLE 12

10/15/77

BASIC ACHIEVEMENT (LOW ACHIEVEMENT ONLY) BY ALTERNATIVE POVERTY DEFINITIONS (Grades 2-6 Only)

UNPUBLISHED DATA
Source: Participation Study
Decima Research
Santa Ana, CA 92701
Arlington, VA 22207

Poverty Cutoff Points	Low Achiever Poor	 Non-Poor
75% of Current Poverty	20.6	79.4
90% of Current Poverty	28.0	72.0
Current (1976) Poverty	31.7	68.3
105% of Current Poverty	37.3	62.7
125% of Current Poverty	41.4	58.6
150% of Current Poverty	49.8	50.2
200% of Current Poverty	63.6	36.4

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Mr. BREGLIO. Mr. Chairman, in the interests of time, and lowered blood sugar levels, I think I will summarize our testimony as submitted.

Much of what we know about the implementation of Title I comes from school district or school level data. A complete assessment of the implementation of Title I would be incomplete without information concerning its impact on students.

There are two questions of overriding importance. First, are there large numbers of children within the specific target groups, that is, poor and low achievers, who are not selected to receive compensatory services. And secondly, are there large numbers of children outside the specific target groups who are receiving these services.

It was the purpose of our study to address these questions, among others, in a large national survey of students and their families.

I think it is important to consider just for a moment the difference in methodology of this study and those that we have heard earlier today.

We were responsible for the collection of data from students and their families in the form of a national survey. The sample for this survey consisted of some 15,000 students selected to be nationally representative of a universe of children in grades one through six attending public elementary schools.

The data from this sample is reported in this study. It is student level data as opposed to school or district level data.

The primary focus of our questionnaire was to address the economic situation within each child's home. A lot of additional information was collected which will be analyzed later, but the principal thrust of our task was to collect economic data.

This data was obtained in a format directly comparable to data collected by the U.S. Bureau of Census so that comparisons could be made between our universe of international and national figures.

Three principal variables have been investigated in our first report. These include family economic status, student educational status, and a selection measure for participation in Title I or compensatory education funded by other sources.

Let's examine briefly the results of this study.

In 1975 the Bureau of the Census estimated that for children between the ages of 5 and 17 approximately 14.5 percent came from families whose aggregate income, money income, was at or below the poverty cutoffs as established by Orshansky. in March 1976 the most recently reported census increases that figure to approximately 15.2 percent.

Our estimate for our universe of interest was 17 percent of the children now between the ages of 6 and 11, not the percent of 5 to 17 coming from families falling at or below the poverty level.

We recognize that this definition of children from poor families is only partially complete against the formula eligibility criteria, and so to this group of poor defined by economic, solely economic criteria, we have added those children who come from families receiving AFDC support, even though their money income may exceed the poverty level cutoff.

Further, we have added all children, institutionalized children who attend public schools to the count of poor children used in this paper.

The new total represents 21 percent of the elementary school children in the sample.

It slightly overestimates the number eligible by the formula, because rather than assigning arbitrarily two out of three children from AFDC homes above the poverty cutoff, we simply assigned all of them to the definition of poor.

The second key variable in this analysis is educational achievement, and as we have heard today, there are a variety of definitions possible for defining the educationally needy.

We have used several definitions. The first was mandated by the enabling legislation for this study. It focuses on grade equivalents and those students who were at or below one year below grade level or identified as low achievers.

The second sample takes the bottom one-third of the percentile distribution on an achievement test and identifies those children as educational disadvantaged.

The third definition takes any child whose achievement score is at or below the median, that is the fifty percentile, and identifies those children as educational needy.

The third measure I mentioned, that of selection status, has been investigated by previous studies such as the NIE study that reported 5.9 million children now receiving some form of compensatory service in grades K through 8. We estimate from our study that one child out of four, 24.8 percent has been selected to receive some form of compensatory education. Fifteen percent have been selected to receive Title I funded services, while 10 percent have been selected for service which is funded by other sources.

Our estimate in terms of number of children indicates that approximately 4.9 million children have been selected for some form of compensatory education.

Now to the relationship between family economic status and selection for compensatory education programs.

By our definition, there are 4.2 million children who are formula eligibles by economic criteria. This constitutes a target group for compensatory services under Title I. Of this number, 1.7 million are selected to be served by CE programs. This represents a selection rate of approximately 40 percent of the target group.

One observation before I move on. It appears from these data that funds for compensatory education seem to be reaching those goals with the highest concentrations of poor children, as reported in other studies. Less than one child in ten from a poor family attends a school where funds for compensatory education programs of some sort are not present.

Let's move to the relationship between educational achievement and selection for compensatory education. By our first definition, namely, one year or more below grade level, there are 3.8 million eligible children based on this definition. Of that number, 1.75 million have been selected to participate for a selection rate of approximatley 47 percent, somewhat higher than that, based on economic criteria alone.

If we use our second definition of educational disadvantage, namely the bottom one-third on an achievement test, we find that there are 6.6 million educationally eligible children in grades 1 through 6. Of this number, 2.9 million are selected to participate for a selection rate of 44 percent.

Still by the third defintion, there are nearly 10 million children eligible with 3.8 million selected for a selection rate of approximately 39 percent.

Without going into greater detail,let me summarize these initial findings by saying that out of every 100 students 35 qualify for Title I services on at least one criteria, be it economic or educational. Of those who qualify, 43 percent are selected for service. Now, if we look only at the group selected for service, we find, interestingly, that 42 percent of that group who are receiving services do not qualify on either criteria.

Those findings are based on a definition of educational achievement using grade equivalent measures. Similar patterns emerge if we use the bottom one-third or the bottom one-half of the distribution of students on a test of educational achievement.

In answer to the questions posed originally, are there large numbers of children within specific target groups who are not selected to receive compensatory services, and are there a large number outside of these target groups who are receiving services, the answer to both questions is yes. We have found in addition to these major findings and in relation to a question Mr. Ford had earlier in regard to the relationship between educational achievement and economic status, that there is definitely a relationship; it is perhaps not as strong as some might have expected to see. But the consistent finding is this:

Across nearly all sub-groups, poor children achieve at a lower level, significantly lower level than nonpoor children. The relationship overall, that is the correlation between these two measures, is not a large and strong one by generally accepted methods. However, the trend is very consistent and extends across virtually all subgroups.

We feel that Title I funds have been very effective in reaching the target groups of poor, educationally disadvantaged students, where a majority in all cases is being served at that level, with that narrowly defined target group.

It seems to discriminate better between target and non-target students than funds for compensatory education from other sources.

These findings then summarize in general the study of students and student level relationships between economic status and educational achievement, and their selection for participation in a compensatory education program.

Mr. FORD. I notice on page 19 you found that three out of ten low achievers came from families with money income at or below the current poverty level as determined by the Orshansky formula. Then on page 20 you talk about what happened when you increased the poverty cutoffs by 115 and 125 percent. You come to the conclusion that 4 out of 10 low achievers come from families at or below the measured cutoff point under the alternative economic measure. If we were to take, double Orshansky without doing anything else, presumably we would have 7 out of 10 of the people who would be caught by that formula who would also show as low achievers; is that right?

Mr. **Breglio**. If you double Orshansky among low achievers, 64 percent of them would also be poor.

Mr. **Ford**. All right, but if you used Orshansky to find your target population then, you would have 7 out of 10 of those that you came up with who were also underachievers?

Mr. **Breglio**. Yes. Seven out of 10 of those of the total group would be underachievers.

Mr. **Ford**. But from your sample, if you leave Orshansky where it is, only 3 out of 10 that you find with that targeting mechanism turn out to be low achievers.

Mr. **Breglio**. No, 3 out of 10 turn out to be poor.

Mr. **Ford**. Three out of 10 low achievers come from families below the Orshansky formula?

Mr. **Breglio**. Right. So 7 out of 10 low achievers are not below the presently established standard for Orshansky.

Mr. **Ford**. Seven out of 10 of them would meet the poverty criteria of 200 percent of Orshansky; only 3 out of 10 meet the present Orshansky formula.

Mr. **Breglio**. That is right.

Mr. **Ford**. So, if you turn it around, which one produces the more realistic correlation with underachievement? Is that too simple? Am I simplifying it too much by interpreting your figures in reverse?

Mr. **Breglio**. You have to remember now we are talking, when we say 3 out of 10 low achievers come from families with incomes at or below current poverty levels we are only focusing on those whose current level of achievement is one year or more below grade level.

Mr. **Ford**. But we are talking about the same children in your sample, aren't we?

Mr. **Breglio**. Yes.

Mr. **Ford**. So, unlike some of the other things we have heard, this is different, from where one method of measurement catches and measures one group of children, and another method catches and measures another, you measured the same children two ways.

Mr. **Breglio**. That is correct.

Mr. **Ford**. When you put the effects of the measurements on these same children, you produce what appears to be an indictment of the relatively low threshold applied by Orshansky in locating children who need help.

Mr. **Breglio**. Low achievers, that is correct.

Mr. **Ford**. And when you increase that, you don't just pick up more, you pick up a greater percentage of our total sample.

Mr. **Breglio**. Who are both poor and low achievers; that is correct.

Mr. **Ford**. Is it fair to draw from that that we cannot honestly say that the present Orshansky is doing a very adequate job of identifying the poor and low achieving population?

Mr. **Breglio**. If your definition of low achieving is one year or more below grade level, the answer to your question is yes. If you change the definition of low achievement to say the mid point, the fifty percentile and below, then under the current definition of Orshansky, plus the AFDC recipients and institutionalized children attending public schools, you pick up 3 out of 4 who are identified as poor with that definition.

Mr. **Ford**. It wouldn't be realistic to change to the 50 percent consideration when we are targeting on 14 percent of the population, would it? Would that be a fair comparison to use a 50 percent cutoff on achievement when, in fact, you are admittedly going toward 14 percent of the population?

Mr. **Breglio**. As I understand the assignment process within the school to individual students, any student who is below average can receive these services, and we have no way of knowing what below average means for a student in a particular grade at a particular school. One way of approximating that would be to use the fifty percentile as your cutoff point, and say anyone below that is "below average," or "below the median". So that is why that was used in this particular way.

Mr. **Ford** Mr. Quie?

Mr. **Quie**. Let me see if I can walk through this with Bill.

What you are talking about is we would all agree the person who has the highest priority should be the poor underachiever.

Now, if you use poverty figures, and then you get 3 out of 10 of the upper achievers——

Mr. **Breglio**. If you use only the poverty figure, you get 3 out of 10 who are low achievers and poor.

Mr. **Ford**. At the present level of Orshansky.

Mr. **Breglio**. At the present level of Orshansky.

If you add to that the AFDC recipient and institutionalized children attending public schools, the number changes to 47 percent who are low achievers. So it goes up.

Mr. **Quie**. Are you talking about all of the AFDC or just the AFDC above current Orshansky?

Mr. **Breglio**. AFDC above current Orshansky cutoff points.

Mr. **Quie**. Now, if you go to under, using only a formula for underachievers, what percentage of the poor would you find then?

Mr. **Breglio**. If you use a formula for underachievers only?

Mr. **Quie**. Yes.

Mr. **Breglio**. Which formula? There are several we have talked about. One year or more below grade level?

Mr. **Quie**. One year or more below grade level, isn't that the one that came out with about the same numbers as there were poor children?

Mr. **Breglio**. That is the closest to the number of poor children.

Mr. **Quie**. Use that one.

Mr. **Breglio**. Then the quesiton is how many of those——

Mr. **Quie**. Yes, and then how many, what percentage of the poor would you reach?

Mr. **Breglio**. Forty-seven percent of the poor would be reached with that definition.

Mr. **Quie**. Forty-seven percent, as over against using the poor, you would recieve 33, I guess, or 31.7, I think it was.

Mr. **Breglio**. Yes.

Mr. **Quie**. Now, if you use another definition of underachiever, and another one was those below the 30 percentile, what is that?

Mr. **Breglio**. That is the 33rd percentile, the bottom third.

Mr. QUIE. Use the bottom third, then what percentage of the poor would be reached?

Mr. BREGLIO. I will have to get the data for you. We don't have that immediately available in tables. We are still in the process of analyzing this. I will be happy to respond to that in writing, if you like.

Mr. QUIE. Then using the other definition?

Mr. BREGLIO. Fifty percent, yes.

Mr. QUIE. Yes, 50 percent.

Mr. BREGLIO. The same for that, I will respond to you in writing on that question. [See letter from Mr. Breglio to Chairman Perkins at the end of this day's proceedings.]

Mr. QUIE. OK.

Mr. BREGLIO. My colleagues back here who have tables at their immediate disposal tell me it's 57 percent at the one-third cutoff.

Mr. QUIE. And at the 50 percent?

Mr. BREGLIO. I don't know if they have that. They are good, but I don't know.

Mr. QUIE. While we are waiting, going back then to the definition of underachiever as one year below grade level, what percentage of the poor would you reach if you take both those who are Orshansky and AFDC above current Orshansky?

Mr. BREGLIO. Now, would you repeat it?

Mr. QUIE. Yes. Before I asked you if we used the definition of underachiever, one year below grade level, what percent of the poor would be reached?

Mr. BREGLIO. Yes.

Mr. QUIE. You said, I think, 47 percent.

Mr. BREGLIO. Yes.

Mr. QUIE. I assume by poor then you meant Orshansky level?

Mr. BREGLIO. No. I meant the poor plus AFDC.

Mr. QUIE. That was poor plus?

Mr. BREGLIO. Yes, 37 percent.

Mr. QUIE. OK. Now, what about the percentage of just Orshansky poor would you reach?

Mr. BREGLIO. Again, my colleagues who are rapidly calculating back there say 42 percent, but let us respond in writing on those so we do it with more precision than a horseback estimate quickly drawn.

Mr. FORD. Counsel points out that you use one grade—one year behind grade level in both reading and math—in your sample NIE in their previous testimony was talking about only reading.

Mr. BREGLIO. That is correct. We use a combined score combining reading and math scores. We are in the process of analyzing the data using reading only, and math only. We have reason to believe that the correspondence is high, but we will demonstrate that in subsequent tables and analyses.

Mr. FORD. Is there a reason why one is preferable to another from an educational point of view?

Mr. BREGLIO. That is a very interesting question. I think the answer, depending on your point of view, is yes. But it will go off into a series of discussions which are probably tangential to this issue involving cultural boundaries and so forth.

Mr. **Quie**. If we use, instead of a formula of Orshansky and AFDC, as we presently do now, if we use whatever formula of poverty that we agreed on and a formula of underachievers, would it be safe to say then we would reach 100 percent of the poor underachievers?

Mr. **Breglio**. If your definition of low achievement was cut at about the 80 or 85 percentile, then I would say you would probably reach 95 percent of the low achievers. I am sorry, of the poor.

Mr. **Quie**. Of the poor?

Mr. **Breglio**. Of the poor, but you would have to make it that high, which I don't think anyone can. That strains the bounds of credulity to talk about the 85 or 90 percentile as the cutoff point.

If you cut it at the 50 percentile, you will reach 3 out of 4 poor children.

Mr. **Ford**. You are saying 75 percent of the people that the poverty formula would identify are achieving just from a mid-line down.

Mr. **Breglio**. At or below the mid point, that is correct.

Mr. **Ford**. In 1965 we had an 85 percent goal.

Mr. **Quie**. What percentage of the poor are achieving now above the median?

Mr. **Breglio**. What percentage of the poor are achieving, by poor you mean plus AFDC or poor alone, without the addition of AFDC? If it's poor plus AFDC it's approximately one out of four are achieving above the median.

Mr. **Quie**. Okay. What if they are poor alone, Orshansky alone?

Mr. **Breglio**. Still approximatley 25 percent.

Mr. **Ford**. Does that lead one to believe that in terms of using poverty to define educational needs that there is not a significant difference between the target population you would get with AFDC and with Orshansky?

Mr. **Breglio**. From what we have seen the relationship between AFDC and Orshansky is very, very high. There would be some difference, but, yes, you would be covering basically the same population if you used AFDC and poverty cutoff definitions.

Mr. **Ford**. Same in the sense that the same percentage of that population is the extra educational assistance. You wouldn't be reaching the same population but they would have the same, you would come out of it the same level of need measured on a percentage basis.

Mr. **Breglio**. Yes.

Mr. **Ford**. If you look at Orshansky or AFDC?

Mr. **Breglio**. We do not have tables that simply look at AFDC against educational need, but given the correlation between AFDC and Orshansky we would estimate that, yes, that would be the case.

Mr. **Quie**. What astounds me are the numbers or percentages of poor that are not underachievers, the percentage of the poor in Title I or the percentage of the Title I recipients that are not underachievers. As I recall the figure, 52 percent are now not underachievers using your one year less than grade level.

Mr. **Breglio**. Fifty-two percent of the poor who are receiving——

Mr. **Quie**. No, 50 percent of those who are in Title I programs, 52 percent of those in Title I programs are not underachievers under one of those tables you have, if I recall correctly, and you indicated that a 42 percent of those in Title I programs aren't either poor or underachievers.

Mr. **Breglio**. Forty-two percent are neither poor nor low achievers. In terms of those who are poor but regular achievers, there are approximately 3 out of 100 who are now receiving some form of compensatory educational service. Under Title I it really doesn't change much. Most of those are receiving Title I assistance, the 3 out of 100 who are poor but not low achievers are receiving Title I assistance.

Mr. **Quie** Does that mean most of those are nonpoor who are regular achievers in the title I program?

Mr. **Breglio**. Yes. Just by the sheer weight of numbers between the poor and the nonpoor that is true, a majority of those who are neither poor nor low achievers, and yet receiving services are nonpoor.

Mr. **Quie**. So when 42 percent don't qualify for either of them, then you have to add to that a certain number, you said 3 out of 100 are poor, but not low achievers.

Mr. **Breglio**. That is correct.

Mr. **Quie**. Would that mean 46 percent are not low achievers?

Mr. **Breglio**. Forty-six percent of those who are——

Mr. **Quie**. In Title I programs?

Mr. **Breglio**. In Title I programs.

Mr. **Quie**. Because I thought that one was 58 percent.

Mr. **Breglio**. What I would prefer to do is take that and add it up without trying to make calculations here off the top of my head and give you that answer in written form.

Mr. **Quie**. OK.

Dr. Vanecko, there was one, there was one part that came out differently in your testimony.

On page 4 you are saying although the proportion of poor and minority children did not increase the actual number did because of the overall increase in services.

Dr. **Vanecko**. Of Title I students, the proportional increase was small for low-achievers, and the proportion of decreases was small for poor students. But more students were served, more total students were served. Therefore, of all of the poor students in the district, all of the low-achieving students in the district, minority students in the district, a higher proportion of those students were served, and in most cases by extending services, the increases among those disadvantaged students was greater than the increase among any non-disadvantaged students.

Mr. **Ford**. They didn't get any additional money when they were granted the waivers, right?

Dr. **Vanecko**. Correct.

Mr. **Ford**. With the same amount of money, they reached more people than they would have if we had not taken the strings off. Now, how did that happen?

Dr. **Vanecko**. They did get a small amount of additional planning money from the National Institute of Education. But between the planning and implementation here they made the decisions to increase coverage of services of students.

What they did to accomplish that was to draw monies from a variety of other sources. Most of them used carryover at a higher rate than they had previously been using. They had been using up carryover in the neighborhood of 25 percent a year, and increased that to 50 percent, 75 percent in some cases. Districts had other resources—increases in State compensatory funding, new ESEA funding.

Mr. FORD. Did the waivers permit them to use money that they would otherwise not have been able to use because of the comparability provisions?

Dr. VANECKO. No, they could have done that without the waivers. One of the effects of Title I funding does seem to be to have other funding follow it, in the sense of when decisions are made about the allocation of Title I funding, then other funds are organized to follow that Title I funding.

Mr. FORD. Unless the Office of Education catches them.

Dr. VANECKO. I don't think there is anything, as far as I can tell, that is illegal with the procedures they are using.

Mr. QUIE. You indicated in the pullout program, the small amount of additional reading the student actually received. We say that it shows supplement but not supplant. It seems to me we really have a difficulty. While we may not be supplementing funds per se in the schools, the program seems to me to be supplanting what already was there. It doesn't seem to be the kind of additional amount of help and service that they ought to receive.

Dr. VANECKO. It is a matter of interpretation of the intended law. I certainly think there is nothing technically in violation of supplying them that we know about. But I think you are right, that if one assumes that all compensatory reading is additional, then that is not what is happening in those districts. About a third replace regular reading.

Mr. FORD. On the basis of your work on these studies, can any of you generalize what Title I funds are being used for and what grade levels they are concentrated in?

Dr. VANECKO. In the demonstrations there was a shift to elementary grades.

Mr. FORD. To what?

Dr. VANECKO. To elementary grades. There already was a concentration in elementary grades in those districts under current regulations. The largest proportion of money, both before and after the waivers, was for reading programs.

Mr. BREGLIO. Our data suggest that within the grade range one through six the funds tend to be concentrated in grades two, three and four. They are lower in grade one, as students come in and begin to be assimilated and assessed, evaluated. They go up in grades two, three and four. Then they begin to taper off in grades five and six.

Mr. QUIE. In the schools that you looked at, did you find a difference between those schools where the money was distributed equally according to the number of poor children at whatever criteria they used, over and against those that had a resource allocation based on achievement?

Mr. BREGLIO. We have no data that identifies at the school level how those funds were allocated. What we have is in the aggregate we know the number selected by grade, so we can identify the trends in terms of selection rates, and they peak in grades two, three and four, and they drop off in grades five and six, and they are lower also in grade one. We cannot address that question directly, Mr. Quie.

Mr. QUIE. From the information that you gave us, disregarding the distribution of money amongst the States, or within the States, it seems to me that if you gave the school district the flexibility to use poverty and achievement, then in that case you would come closer to your target, your double targeting that you spoke of, of being poor and low achieving.

Mr. BREGLIO. The data suggest that the emphasis in Title I on economic criteria works and Title I funds do seem to find their way more often to poor kids who are also educationally disadvantaged.

Mr. QUIE. But they seem to find their way some way to an awful lot of——

Mr. BREGLIO. A lot of others as well, absolutely. That is very true.

Mr. QUIE. Since we are not reaching anywhere near the number of under-achievers there are in the country, a way has to be found to get it to the under-achievers.

Mr. BREGLIO. We did and we will report on some work Dr. Beal is responsible for, that attempts to identify the best predictors of low achievement, or achievement in general. In relation to the question Mr. Ford had about achievement and economic status, you find a very low correlation.

If you put money income, family income, into a multiple regression equation, it does not come out as one of the best predictors of low achievement. Other factors, other variables, are much better in terms of the amount of variance accounted for, including father's education, mother's education, and the free lunch program.

Mr. QUIE. You have some studies on that?

Mr. BREGLIO. Yes. And that will be written up in this report.

Mr. QUIE. All right. I think it would be worth having you back to talk about that at a later time.

Mr. FORD. From your schools, how many of them elected to put Title I in all of the schools in the district?

Dr. VANECKO. Six of the 13 districts.

Mr. FORD. And what did they change in their program when they went to that? Presumably they had half or something close to half of them prior to the waiver.

Dr. VANECKO. It was above half. I don't know the average right offhand. But it was probably more in the neighborhood of sixty percent of the schools were served. Essentially they maintained the same kinds of programs. They instituted the same kind of program that was in Title I schools in these new schools. They did so by the use of additional resources.

Mr. FORD. Did they at the same time that they extended them to all the schools also extend the access within the schools to a larger population?

Dr. VANECKO. In some of the districts they did. In others they served a smaller number of students per school, were more selective within schools of the students who received Title I services. And as I mentioned, many of the districts standardized the student selection procedures to a great extent, whereas previously it had been left up to teacher judgment.

Mr. FORD. Any questions by the staff?

Mr. CROSS. Dr. Wiley, I think when the NIE report was released it was suggested in Michigan that the urban areas would lose. And I think that your study suggested that might not necessarily be the case. Could you comment on why the difference between the NIE study and your paper?

Dr. WILEY. Well, what we found is Detroit would gain under achievement criteria. The problem arises in the definition of urban area, in the sense that the census definition of central cities includes a wide variety of cities which can range down in population to just over 50,000.

So when you define urban in that sense, there are quite a large number of smaller cities that enter into the averaging which produces the estimate of loss or gain. What seems to be systematically clear is that a major urban area, such as Detroit, would definitely gain from an achievement criterion.

Mr. CROSS. Thank you that is very interesting. From your statement, is it reasonable, then, to say that your view is that in a short period of time, perhaps two or three years, the States could be up to speed with the kind of testing allocation safeguards which you think would be necessary, and with the kind of mechanisms in place to make intrastate allocations?

Dr. WILEY. Of course we can only guess what States would do. But it seems to me given a set of reasonable guidelines for State testing programs, it would be possible within a relatively short period of time to formulate such programs. It depends, of course, on how constrained the guidelines were.

We, in our recommendations, would recommend that they be relatively constrained. I mean that is that comparability among grade levels tested, with the national testing program, comparability in content, and especially comparability in the standards, minimal achievement standards, would, I think, be necessary to have a sensible implementation of achievement criteria.

Mr. FORD. Does your statement carry a recommendation of the criteria that might be used if you were to give a State an option of using achievement testing for distribution of money within the State?

Dr. WILEY. We would recommend that whatever criterion is used nationally, if there is a national testing program to allocate funds over States—you mean in the content.

Mr. FORD. I am operating on the assumption that that is too big a bite of the apple, and it has all kinds of problems, but that there is some reasonable possibility, on the basis of what we have heard, that some States would, given the opportunity, opt for a distribution system that considered achievement at least as a part of the formula, if not entirely.

Would you be prepared to write for us suggested criteria for how you could keep them honest, intellectually honest, when they make that determination?

Dr. WILEY. Well, I would be happy to write a statement which would outline and perhaps make recommendations about the kinds of testing that ought to occur under that circumstance.

In my view, the content of the tests that are selected is basically a political problem. That is, it is not a technical problem.

Mr. FORD. Yes. But the basic difference between consideration of a national distribution on the basis of achievement testing, and a within-State situation, is that it is virtually impossible in many States to get a statewide testing program going, but there are some, would you say, 22, that do have it.

Dr. WILEY. There are 21 States and the District of Columbia which have recent testing programs which match some reasonable, minimally reasonable set of criteria.

Mr. FORD. Now, presumably if they were given the option to distribute funds, and some of them exercised that option, we would have a substantial test to look at over a period of time. Then we would see what happens compared to what is happening in the other parts of the country in terms of how the funds are distributed. Presumably other States would choose to adopt a testing system and an option, or not to adopt it, on the basis of that experience.

Presumably out of 22 States we should get enough interested in it to try it, if we went that far, just talked about doing it within a State.

But would someone like you be in a position to write the rules on what kind of testing would be acceptable at this level?

If we were going to do it nationally, we would have to write one set of arbitrary rules and apply it to everyone. But how would you define the kind of testing that you would accept as valid for within State distribution?

Dr. WILEY. Well, in one of our reports, which is referenced in the written testimony, which concerns using national assessment models for—well, I'm sorry. It concerns State options with respect to testing programs. We have listed a set of issues that would have to be resolved in order to formulate reasonable guidelines or regulations for such testing programs.

So we have explored what are the basic categories of decisions that would have to be made in establishing sets of regulations to guide States, to produce comparable data and accurate data.

Certainly we intended that set of guiding issues in the discussion of that to provide a basis for decisions about regulations. It would surely be feasible to build upon that set of issues and make some specific recommendations about the particular ways in which State testing programs would have to be constrained in order to meet minimal acceptable requirements for data and accuracy.

If that is the question you are asking——

Mr. FORD. You see, if we simply wrote the statute and said that the Office of Education will prepare guidelines that will make available this option to the States, in ten years we would not have even one State doing it.

It takes them three years to figure out how to get sex out of the classroom without putting the girls in the boys' locker room. We have very little confidence here in their ability to respond with dispatch to a challenge that is anything close to something that is as political as this one would be.

So if we are going to seriously consider that as an alternative, we would have to know what we are going to have to sell, and whether or ot it is feasible to draw a statute that requires a minimal amount of interpretation by the bureaucracy.

Dr. **Wiley**. I would be happy to——

Mr. **Ford**. I have considerable optimism about the improvement that is occurring in that bureaucracy over there, but after eight years of mutilation, it is going to take some time to put it back in shape.

The Civil Service System seems to have some disadvantage as well.

Mr. **Cross**. Perhaps part of your other paper pertaining to State safe guards could be entered in the record at this point.

Mr. **Ford**. We would like to have that.

[The attachments referred to follow:]

ISSUES OF TITLE I FUND ALLOCATIONS THROUGH STATES TO LOCAL SCHOOL DISTRICTS

Annegret Harnischfeger
David E. Wiley
Elinor M. Woods

October, 1977

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Acknowledgement

Special thanks go to all State Departments. We were impressed by their cooperation in providing us with information and materials related to their state testing and/or assessment programs. Our study would not have been possible without their support. Of course, we take full responsibility for this final product, especially for any errors that might have crept into the report on state practices of achievement testing and assessment programs.

This work was completed pursuant to Contract #NIE 400-75-0063 between the National Institute of Education, Department of Health, Education, and Welfare, and CEMREL, Inc. The opinions expressed in this publication do not necessarily reflect the position or policy of the National Institute of Education, and no official endorsement by them should be inferred.

Because of the high cost involved in a nationwide achievement testing program that would enable reasonably precise ESEA Title I eligibility estimates for school districts, it has been proposed to restrict such testing to the state level and give states the option of using or modifying existing testing programs or developing new ones for eligibility estimation on the school district level. Such state options could conceivably span achievement testing in different subject areas, grades or ages but also include current procedures. We investigated here solely issues involved in using achievement test data for Title I eligibility estimation on the district level. We here summarize important features of state testing and assessment programs and raise basic issues which have to be incorporated into regulations, if states could opt to use state testing or assessment programs for Title I eligibility estimation in LEAs.

1. State Testing and Assessment Programs: Current Practices

The first, very general question raised by state achievement-based allocation procedures is: How many states have any established mechanisms for collecting achievement test data? Any states which do collect test data intended to be representative of their state do so within either a state testing or assessment program. Some states have both a testing and an assessment program.

A survey of state testing programs conducted in 1973 (ETS, 1973b) reported that testing programs were in operation in 30 states and the District of Columbia during the 1972-73 school year. A similar survey of state assessment programs conducted in the same year (ETS, 1973a) reported that such programs were operating in 29 states and the District of Columbia during the 1972-73 school year. Of these latter states, 23 states and the District of Columbia appeared to have both a testing as well as an assessment program. Of the six remaining states which had a state assessment program but no state testing program, five had collected data during 1972-73. Thus, during the 1972-73 school year, 36 states and the District of Columbia collected achievement data from at least one grade or age group. This figure represents the number of states which collected achievement data in one specific school year, i.e., 1972-73.

Some states collect test data on a cyclic basis. A good indication of the total number of states which collect test data on a statewide basis in some content area from at least one grade level in the K-12 grade range is provided by a survey conducted in April, 1976 by the ML-GROUP for Policy Studies in Education, CEMREL, Inc. This survey identified any states which had collected test data in the basic skills areas of reading and mathematics during any school year since 1970 (Table 1*). A total of 44 states and the District of Columbia have collected test data in at least one of these basic skills areas, from at least one grade level or age group in the K-12 grade range, in at least one school year during the interval 1970-1976. Paralleling the ETS survey results for 1972-73, a total of 36 states and the District of Columbia collected achievement test data from at least one grade or age group during the 1975-76 school year. At least eleven states appear currently (i.e., as of 1976-77) to have no ongoing state testing or assessment program.

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* Located at end of paper.

In summary, the maximum number of states which have had any experience in collecting test data on a statewide basis is 44 plus the District of Columbia. A good estimate of the number of states collecting test data in any single school year is 36.

States differ greatly, however, in the extent to which test data are collected. States collect data either on a census basis or from a probability sample of the pupils within one grade or age level. A state test-based fund allocation effort would require testing to be conducted in each district within the state. Thus, an important question to be answered is how many of the states which have testing experience have established mechanisms for collecting data on a comprehensive (i.e., census) basis; that is, all districts were either mandated or had the option to participate in the testing.

No more than 27 states and the District of Columbia can be identified as having had experience collecting test data on such a comprehensive basis since 1970. More importantly, though, a total of 23 of these states and the District of Columbia currently have ongoing state testing or assessment programs which annually collect test data on a comprehensive basis. The comprehensiveness of the testing (i.e., the number of districts participating in the testing) varies among these states: testing is mandatory for all districts in 13 states and the District of Columbia and voluntary for the districts in ten states. The rate of voluntary participation for the states which give their districts the option to participate in the testing is high (i.e., 70% or greater) in six states, moderate (i.e., 50-69%) in three states, and very low (less than 30%) in one state. In one of the states with mandatory testing (Pennsylvania), a three-year cycle plan is used; each year one third of the districts are tested. If "comprehensive" is defined to mean testing of at least one half of the districts within the state annually, then a total of 21 states and the District of Columbia are currently testing at the district level on a comprehensive basis.

The total of 21 states and the District of Columbia with current comprehensive testing activities at the district level is based on tested grade or age levels falling anywhere within the K-12 grade range. Even if the further condition is added that local options might be restricted to grade or age levels within the K-6 grade range, this number of states would not be reduced. All 21 states and the District of Columbia currently collect test data on a comprehensive basis -- at least one half of their school districts -- in some content area from at least one grade or age level within the K-6 grade range. It should be noted, however, that if the grade span was restricted to kindergarten and first grade, the number of states would be reduced drastically. Only six states and the District of Columbia could be identified as currently collecting test data from young children in the K-1 grade range.

Some may wonder why the question has been confined to statewide programs which collect test data on a district basis. Within many of the states which collect achievement data only on a sample basis, a number of districts have well-established local testing programs which have provided these districts with experience in carrying out testing which possibly could yield comprehensive statewide information. In the case of cumulated local test data, however, test instruments vary greatly across districts, as do times of testing, grade levels tested, test administration practices, etc. In contrast, comprehensive state programs may vary greatly among states, but within a single state, the state program administers the same test instrument to common grade levels across all districts. And test administration practices and a specified testing period are applied uniformly. Thus, comparability of district achievement test data within a state with a state testing or assessment program is assured.

Test content could also be taken into account in evaluating the number of states with appropriate programs. And if state cycles which match particular curricular contents to specific testing years were taken into account, the number of states testing in, for example, reading, within a particular year could possibly be smaller than the total number which test in any area in a particular year. However, the fact that large-scale testing mechanisms are well established in a state appears more critical than what content areas are presently being tested each year. Even if any of the states which test on a comprehensive basis were not testing reading regularly, and if local options specified reading as the eligibility criterion, it would seem that a reading test could easily be incorporated into their regular test collection mechanisms. Even if the condition of testing reading on a regular basis were added as a screening device, it appears that all 21 states and the District of Columbia which currently test on a comprehensive basis would meet this condition. The fact that this number was not reduced is, of course, due to the fact that the content area selected was reading. Reading and mathematics are the content areas most commonly and regularly tested by state programs.

The diversity of testing across states is great. Some of these diversities are not important for local options given that each state will be distributing its allotted funds to districts within the state. There are, however, two diversities in testing practices among states which require explicit consideration: the person who is to administer the test; the time of year when the test is administered.

Most states use classroom teachers to administer the tests to their own classroom; a few use staff (i.e., counselors, librarians); a few use outside trained test administrators. Interestingly, the latter practice appears perfectly correlated with a sampling design. If the universe of concern is confined to the 21 states and the District of Columbia which currently test on a comprehensive basis in the K-6 grade range, then it can be said that all tests are presently administered within these states by classroom teachers, with few exceptions.

State programs vary in what month or season they typically administer the tests. In the 21 states which currently test at the district level on a comprehensive basis, the seasons in which the test data are collected are distributed as follows: Fall (September-November), 11 states; Winter (January-February), 2 states; and Spring (March-May), 6 states. The remaining two states give districts the option of testing in either Fall or Spring, and the District of Columbia tests on a pre/post-basis in Fall and Spring.

2. Issues Pertaining to Guidelines for Achievement-Based Title I Eligibility Estimation in School Districts Through States

It is apparent that neither the 39 states and the District of Columbia that presently have achievement testing or assessment programs nor the 21 states and the District of Columbia whose testing programs have somewhat more commonality collect test data that are directly usable for Title I eligibility estimation in school districts. In order to assure reasonable similarity in eligible definition and assessment procedures, binding guidelines would have to be developed that minimally cover the issues, raised below.

2.1 Base Population

Currently, the base population for Title I eligibility determination consists of all 5- to 17-year-olds residing in specific and exclusive geographical areas at a defined time point. Harnischfeger, Huckins, and Wiley (1977) discuss the advantages of other definitions, including school-enrolled 5- to 17-year-olds. An allocation model allowing the option of a state testing or assessment program should have a uniform definition of the base population.

2.2 Tested Populations

Similar requirements for uniformity are necessary for the age or grade range tested. In some states which have large variation in grade spans that school districts cover, special procedures, such as the one detailed in Harnischfeger, Huckins, and Wiley (1977, I.5), will have to be developed for Title I eligibility estimation.

A difficult problem is posed by special groups of children. Certain pupils, although enrolled in K through 12, are typically not tested in state and district testing and assessment programs. These include mentally retarded and handicapped pupils, non-English speaking pupils, pupils enrolled in special (non-LEA, non-private) schools, and pupils who are absent at the time of testing. Uniform procedures must be established for inclusion and exclusion of specific categories of pupils. This is an aspect of eligibility assessment which could potentially be heavily abused.

2.3 Tested Area And Test Content

Most states with testing or assessment programs include reading as one tested area. This reflects the consensus that reading is considered a very basic skill area. However, other areas such as mathematics, science, and social studies, are also assessed. And if test score distributions are to be used for determining Title I fund allocations, then provisions have to be made that the skill areas for eligibility assessment are basic and important to human learning. Reading and language arts will presumably always receive a very high ranking under this condition.

But even if there is consensus on the skill area tested, the tests and assessment instruments used in the states differ in the more specific content they cover. Guidelines would have to unambiguously specify the content universe from which test items are to be drawn.

2.4 Standard Setting

As we have stated in more detail elsewhere (Harnischfeger, Huckins, & Wiley, 1977), a key issue in using achievement test data for Title I eligibility estimation lies in the cutting point or standard definition. This issue needs special attention, because it might have dramatic consequences for the eligibility counts. If tight regulations are not implemented, then it might be possible for one state to set criterion levels so high that all of its pupils would be eligible, and Title I would thus be a general aid program, while another state might set very low levels and thus count as eligible only pupils with almost no skills.

The issue of how a standard or cutting point is to be defined is controversial. We recommend that standards for achievement deficiencies or educative difficulty be set independently of test instruments used to assess them. This means that eligibility is to be defined with respect to an independently specified standard and not in purely relative terms derived to yield a particular percent of the lowest achievers on the test to be chosen.

2.5 Testing Procedures

Procedures for the collection of test data are another aspect of achievement-based allocations subject to considerable potential abuse. Thus, permissible variations in test administration (time limits, instruction, physical environment, answer format, etc.) must be clearly specified. It is also mandatory to specify criteria which test administrators must meet. The hiring of test administrators could be considered as beingakin to selecting a jury. We recommend that teachers, administrators, and other school district personnel not participate in test administration in order to ensure the integrity of the data collection process. At the local district level, teachers or school administrators have a direct stake in the outcomes of the tests due to the potentials for higher Title I fund allocations to their districts.

These regulations and guidelines also have to cover the time of testing. Testing early in the school year will result in more eligible pupils than testing late in a school year. Thus, uniformity of time of testing is required. This might even be extended to the time of testing during a school day.

2.6 Reporting And Eligibility Calculation

Once test data have been collected, they must be scored and aggregated before eligibility calculations can be completed. After this process is completed, a computational procedure involving (1) a cutting point, (2) a score distribution for each local district, and (3) a population size -- enrollment or age group frequency -- must be implemented to assess eligibility. Critical issues involve (a) establishing the cutting point for the test used by the state, and (b) obtaining the appropriate figures for the population size in the local district.

If national achievement standards have been set for the test used to establish allocations to states, then it may be desired to translate these into the metric of the state test instrument. If national, e.g., ELSEGIS or Census, data are to be used to assess population size, then these also must be provided to whoever completes the calculations. And it is certainly desirable that nationally audited data be used to assure accuracy and uniformity of results.

Special attention should therefore be given to (1) whether any or all data processing should be done at the state rather than federal level, and based on these decisions (2) what data are federally reported. Certainly, computations made at any level should be publicly verifiable. We therefore anticipate that state documentation and data reporting requirements should be stringent to allow auditing and verification, whatever the division of computational roles.

2.7 Auditing

Specific provisions have to be developed for auditing local enrollments, if they are used as a basis for estimating population sizes. Certainly, special auditing procedures will also be needed to verify state conformity with all aspects of federal guidelines including base populations, tested population, test content, standard setting, testing procedures, and eligibility calculations, if appropriate.

3. A Final Comment

How must existing state testing or assessment programs be modified to affect achievement-based Title I fund allocations to local school districts? To answer this question, decisions must be made specifying the constraints to be imposed before a program is considered appropriate for eligibility estimation. Our perspective in this short paper has been to exhibit some of the critical current variations in state testing practice and to sketch out some of the key issues which must, therefore, be specifically addressed before a sensible set of guidelines can be evolved to make the use of state data feasible for fund allocation purposes.

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Educational Testing Service. State Testing Program: 1973 Revision. Princeton, N. J.: Educational Testing Service, 1973b.

Harnischfeger, A., Huckins, L.E., and Wiley, D.E..The National Assessment of Educational Progress Model: A Tool for Achievement-Based Title I Fund Allocations? Chicago: ML-GROUP for Policy Studies in Education, CEMREL, Inc., October, 1977.

Mr. Cross. Two other quick questions.

One of the concerns raised about achievement allocation is that it would spread the money too thinly. But if I read your statement correctly, and based on our conversations, it depends upon where you set that cutoff point. You used the 14th to 15th percentile.

Dr. Wiley. For some comparisons.

Mr. Cross. Right. But that was a comparison that resulted in the same number of eligible as the current Orshansky level. So that would be a measure that could be set in a way that would result in the funds not being spread too thinly.

Dr. Wiley. The higher you set the cutting point, then the closer the distribution comes to one which is proportional to the population. And the lower you set the cutting point, the more you would target the allocations towards probably—the more you would target the allocations towards minority populations and probably towards poor populations.

Mr. Cross. If I could ask you and Dr. Vanecko a question on the "follow-the-child" issue, which has been one that has vexed the committee for a 2 or 3 years now.

Do you see any reason why the use of achievement allocation would not essentially solve that problem? I think the experience of the demonstration districts may be some indication.

Dr. Wiley. I am sorry. Solve what?

Mr. Cross. Solve the problem of not being able in a poverty allocation to "follow the child" who is desegregated into a new school.

Dr. Wiley. Dr. Vanecko, why don't you comment on that first?

Dr. Vanecko. Certainly. The direct allocation option clearly solves that problem. By serving all schools it is no longer a problem, because the students can be served whatever school they are in. When schools are ranked using achievement criteria, it seems to me you have exactly the same kind of possible problem, although the districts in fact that have done that have not seemed to have had a great problem in being able to serve the students they intended to and who would have been in the schools if they had not been desegregatged.

Mr. Cross. Isn't it true there is some evidence that several of those districts who came into the demonstration chose to because they have been faced with desegregating and didn't know how to reach the "follow-the-child" problem, and saw this as one possible solution?

Dr. Vanecko. That is correct.

Mr. Ford. Did you go back and study the changes? In the first years of the program, didn't most of the school districts try to put some kind of Title I in every one of those schools instead of picking target schools?

Dr. Vanecko. You mean back in 1966?

Mr. Ford. Yes. And then in 1968——

Dr. Vanecko. We collected some simple information on the history of Title I in these districts, and they were like other districts in the country, they had not served most schools in the early and middle sixties.

Dr. **Wiley**. I don't think, in response to your question, that the issue of achievement versus poverty as an allocation criterion directly bears on the "follow-the-child" issue. Really, the things that directly bear on that are the regulations about how districts spend their money and how they allocate their program.

In Mr. Quie's amendment, surely that particular part of the process which talks about what goes on within districts using achievement would be one way of attempting to more directly target or follow particular children, I think. But also changes in the current regulations which didn't use achievement could also be made which also follow the child.

Mr. **Cross**. I think part of the problem there is, as indicated in some of the correspondence, the law itself, in the section that says that you can only have Title I programs in schools that have above the districtwide poverty average.

One final question. Dr. Vanecko, did you find any evidence in those thirteen demonstration districts of how quickly out of date the census figures became?

Dr. **Vanecko**. Not really, because the thirteen districts, only one or two of the used 1970 census data within the district to allocate to schools.

Mr. **Cross**. Prior to the demonstration.

Dr. **Vanecko**. That is right. Eleven of the 13 used AFDC figures which annual figures they get every year from the welfare department. Several of them combined that with other figures. Some of them tried to update census figures.

But I think in all but one case they are using annual figures, based on some computation of AFDC, free lunch and survey. Clearly they don't want to use the 1970 census figures.

Dr. **Wiley**. I would like to make one more comment on that issue. We used both the 1970 poverty figures and 1975 Survey of Income and Education figures to contrast with achievement.

I would like to really reinforce the point that Mr. Ford made earlier and so urge you to look carefully at the graphs, or the maps that NIE will prepare for you, because the patterns of change are very different, depending on whether you use 1970 poverty as the base versus 1975 poverty—considerable differences in which States would gain and lose.

Mr. **Cross**. Thank you.

Mr. **Ford**. Well, there is a little difference. In 1970 the automobile industry had its best year ever in terms of employment, and by 1975 even Henry Ford was looking for another job.

If we could make that kind of a jump, I would be happy with the formula just the way it is, because we have gone through six years of depression in Michigan with the census telling us that in 1968 we didn't have that many people unemployed. In the meantime no money has been coming in to support the schools, no money has been coming in to support any public services. It is very difficult, with those kinds of dynamics at work, to explain to people in education that our formula makes any sense—because it is so old.

With all of its other problems the advantage of Mr. Quie's approach, is that it doesn't go stale. There is just no way to get a census unless we had a nationwide census every five years, that would be relevant and accurate for years after it was taken.

There is is not much available to us upon which to make judgments about how to distribute these resources in 1977 than there was in 1965. We may discover that we did better flying by the seat of our pants than when we tried to discover what happened.

The one thing that people have the greatest difficulty understanding is how you can continue to distribute funds on the basis of figures that count kids who are not there, and have moved someplace else. And the follow-the-child problem is not just one of from school to school in a district; it is from one part of the country to another.

Thank you very much.

The committee will stand in recess until 8:30 tomorrow morning.

[Whereupon at 1:30 p.m. the subcommittee recessed to reconvene at 8:30 a.m., Wednesday, November 2, 1977.]

[Additional material submitted for inclusion in the record follow:]

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November 4, 1977

Honorable Carl D. Perkins
Chairman, House Subcommittee
on Elementary, Secondary and
Vocational Education
2364 RHOB
Washington, D.C. 20515

Dear Congressman Perkins:

On behalf of our firm, I would like to express my appreciation to the Subcommittee on Elementary, Secondary and Vocational Education for the opportunity to share some results from the Participation Study. With more than 300 variables and 15,000 observations we believe this study can provide unique information to Congress on the implementation of CE programs at the student level.

During the question and answer portion of my testimony, several questions were asked concerning different proportions of low achievers who were poor and poor children who were low achievers. As you recall my colleagues and I hurriedly tried to come up with answers. With more than 5,000 pages of computer output to peruse it is difficult to put your finger on a particular piece of information at a moments notice. Therefore, I am including an appended table that I believe will answer the questions posed Tuesday. Further, we intend to expand the definitions of low achievement to include "Bottom Quartile", "Bottom One-third" and "Bottom One-half" of the percentile distribution and are preparing a master table that shows all relevant figures pertaining to projected numbers and percents of target groups by various definitions. When this table is complete we will forward a copy to you for your consideration.

If we can be of further assistance please do not hesitate to call on us.

Sincerely,

Vincent J. Breglio

Vincent J. Breglio

UNPUBLISHED DATA
Source: [illegible]
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TABLE

ACHIEVEMENT AND POVERTY

ALTERNATIVE DEFINITIONS OF POVERTY	LOW ACHIEVERS		POOR CHILDREN	
	POOR	NON POOR	LOW ACH	REG ACH
	%	%	%	%
COLLAPSED CENSUS CUTOFFS	30.8	69.2	42.6	57.4
76 ORSHANSKY (124 CELLS)	31.7	68.3	42.7	57.3
115% 76 ORSHANSKY	37.3	62.7	41.3	58.7
76 ORSHANSKY + AFDC (FORMULA ELIGIBLES)	38.1	61.9	41.9	58.1
ORSHANSKY UPDATE	41.3	58.7	41.3	58.7
125% 76 ORSHANSKY	41.4	58.6	41.3	58.7
150% 76 ORSHANSKY	49.8	50.2	38.9	61.1
50% 1976 MEDIAN INCOME	51.0	49.0	38.3	61.7
200% 76 ORSHANSKY	63.6	36.4	34.3	65.7

	REC'D	NOT REC'D	REC'D FREE LUNCH	
FREE LUNCH	56.1	43.9	40.9	59.1

1. Low Achiever defined as students in grades 2-6 scoring one year or more below grade level on test of basic skills

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November 18, 1977

Mr. John F. Jennings
Counsel
Subcommittee on Elementary, Secondary and
Vocational Education
RHOB B-346C
Washington, D.C. 20510

Dear Jack:

Since testifying before the subcommittee on November 1st, several questions have been asked that can be answered at least in part from our data. These include:

- Overall, how good or bad is the targetting of Title I dollars?
- Does targetting change between grades 1-6?
- What is the relationship between achievement scores expressed in deciles and poverty?

In addition to these questions we are currently working on tables that will show how targetting varies when reading only and math only achievement scores are used as educational eligibility criteria. Hopefully, data will be available within two weeks to construct the required tables.

To assess the impact of Title I we must first decide on which measures reflect "good" targetting. Two such measures include: a) the percent of those selected for Title I service who are both economically and educationally needy (double targets) and b) the percent of those selected for Title I service who are neither economically nor educationally needy (non targets). A summary of those measures is presented in the following table.

Table __

Participation Rates Among
Double Target and Non Target Subgroups
(Percent and Estimated Numbers in Millions)

	Double Targets			Non Targets		
Definitions of Eligibility	Selected Title I	Selected Other CE	Not Selected	Selected Title I	Selected Other CE	Not Selected
1976 Orshansky/One year or more below grade level (Grades 2-6 only)	42.4 (.51)	12.6 (.15)	45.0 (.54)	8.5 (.93)	8.6 (.94)	82.9 (9.16)
1976 Orshansky + AFDC/ One year or more below grade level (Grades 2-6 only)	40.1 (.58)	13.8 (.20)	46.1 (.66)	8.2 (.87)	8.6 (.91)	83.2 (8.82)
1976 Orshansky + AFDC/ Bottom 1/3 Achievement Dist.	39.4 (.93)	13.1 (.31)	47.5 (1.12)	5.8 (.67)	7.9 (.92)	86.3 (9.84)
1976 Orshansky + AFDC/ Bottom 1/2 Achievement Dist.	36.5 (1.12)	12.1 (.37)	51.4 (1.53)	3.8 (.35)	7.1 (.64)	89.1 (8.09)
200% 1976 Orshansky/ Bottom 1/2 Achievement Dist.	31.4 (1.73)	12.2 (.67)	56.4 (3.10)	3.3 (.24)	6.2 (.45)	80.5 (6.57)

You will note that on a percentage basis the best targetting in the Double Target group occurs with the narrowest definition of eligibility--1976 Orshansky/one year or more below grade level. However, under this definition there are actually more Non Targets selected for Title I than targets. This is an unfair test of targetting since economic criteria should include AFDC families above the poverty line and educational criteria should include students with "below average" performance. The definition of eligibility coming closest to actual practice is 1976 Orshansky plus AFDC families and bottom one-half of the achievement score percentile distribution. The participation rate within the double target is not as high but in numbers selected for Title I the figure has more than doubled. Of equal importance, selection for Title I among Non Targets drops both as a percent of that group and in numbers selected. These data suggest that Title I funded programs have selected the great majority of their participants from those in greatest need of help. Non Target students are still selected but in fewer numbers relative to the narrower definitions of eligibility.

The second question pertaining to changes in targetting by grade level may be partially answered from our data. Consider the following table.

Table

Selection Rate by Grade for Poor/AFDC and Bottom One half Achievers (Double Targets)

Grade	Selected for Title I	Selected for Other CE	Not Selected
First	31.9	15.0	53.2
Second	38.4	11.1	50.5
Third	42.2	9.5	48.3
Fourth	41.9	11.5	46.6
Fifth	33.3	12.0	54.6
Sixth	29.6	14.3	56.2

The selection rate into Title I programs is highest among double targets in grades 3 and 4. Low achievement is most prevalent in grades 4,5 and 6.

Lastly, consider the relationship between achievement by deciles and poverty as shown in the following table. Being poor is no guarantee of being a low achiever. Still nearly 3 out of 4 children from poor families score at or below the median level of achievement compared to only 4 out of 10 non-poor children.

Again, I hope to be able to present you with more data within 10 working days on separate math and reading selection rates.

Sincerely,

Vincent J. Breglio

Vincent J. Breglio
Executive Vice President

VJB/cc

DECILE DISTRIBUTION OF ACHIEVEMENT SCORES BY ALTERNATIVE DEFINITIONS OF POVERTY (PERCENT AND ESTIMATED NUMBERS IN MILLIONS)

Achievement Score in Deciles	76 Orshansky Poverty		Formula Eligible 76 Orshansky+AFDC	
	Poor	Non Poor	Poor	Non Poor
1-10	20.6 (.70)	8.1 (1.36)	19.1 (.80)	7.4 (1.16)
11-20	19.9 (.68)	8.7 (1.44)	19.3 (.80)	8.4 (1.34)
21-30	14.1 (.48)	7.9 (1.30)	14.1 (.58)	7.6 (1.22)
31-40	11.8 (.40)	9.2 (1.54)	11.7 (.48)	9.2 (1.46)
41-50	8.8 (.30)	10.1 (1.68)	9.3 (.38)	10.1 (1.60)
51-60	7.3 (.24)	10.7 (1.78)	7.5 (.32)	10.9 (1.74)
61-70	7.1 (.24)	11.1 (1.86)	7.6 (.32)	11.3 (1.78)
71-80	4.6 (.16)	10.7 (1.78)	5.2 (.22)	10.8 (1.72)
81-90	3.4 (.12)	11.5 (1.92)	3.7 (.16)	11.9 (1.88)
91-100	2.3 (.08)	11.9 (1.98)	2.3 (.10)	12.4 (1.96)
	99.9 (3.40)	99.9 (16.60)	99.8 (4.16)	100.0 (15.84)

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December 5, 1977

Mr. John F. Jennings
Counsel
Subcommittee on Elementary,
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RHOB B-346C
Washington, D.C. 20515

Dear Jack:

I am sending you a copy of our detailed tables showing the percentage distribution of those selected for CE services by deciles of achievement scores.

You will note that selection rates for very low achievers (those at or below the 2nd decile) are really quite high. Approximately the same number of these low achievers are selected for Title I services in both Poor/AFDC and Non-Poor groups (668,000 Poor/AFDC Title I selectees; 632,000 Non-Poor Title I selectees). Selection rates drop off substantially once the third decile is crossed and the 4th decile is entered. This appears to hold for both Poor/AFDC and Non-Poor groups.

Another finding of interest focuses on the selection rate for Non-Title I funded CE programs. Consistently, the percent selected for these other CE programs is larger among the Non-Poor than the Poor/AFDC groups.

If I can be of further assistance please give me a call.

Sincerely,

Vincent J. Breglio

Vincent J. Breglio
Executive Vice President

PERCENTAGE DISTRIBUTION OF TITLE I SELECTION STATUS AND DECILE ACHIEVEMENT STATUS CONTROLLING FOR ECONOMIC STATUS

(POPULATION ESTIMATE IN THOUSANDS)

ACHIEVEMENT SCORE IN DECILES	POOR/AFDC			NON-POOR		
	SELECTED TITLE I	SELECTED OTHER CE	NOT SELECTED	SELECTED TITLE I	SELECTED OTHER CE	NOT SELECTED
	%	%	%	%	%	%
1-10	41.4 (332)	15.8 (126)	42.8 (344)	26.2 (300)	17.3 (205)	56.5 (664)
11-20	41.3 (336)	11.4 (92)	47.3 (382)	25.1 (332)	15.3 (205)	59.7 (790)
21-30	35.7 (214)	12.5 (76)	51.7 (307)	24.8 (300)	12.4 (158)	62.8 (759)
31-40	29.6 (147)	10.4 (50)	60.0 (294)	17.2 (253)	12.3 (174)	70.5 (1,027)
41-50	26.2 (105)	7.1 (29)	66.7 (260)	10.5 (174)	10.3 (158)	79.1 (1,264)
51-60	11.7 (38)	8.7 (29)	79.6 (252)	8.7 (142)	10.0 (174)	81.4 (1,407)
61-70	10.3 (34)	5.4 (17)	84.3 (267)	6.0 (111)	7.2 (126)	86.8 (1,649)
71-80	6.0 (13)	4.8 (13)	89.2 (197)	2.7 (47)	6.5 (111)	90.8 (1,565)
81-90	11.5 (17)	7.6 (13)	80.9 (126)	1.5 (32)	7.0 (128)	91.5 (1,723)
91-100	10.5 (8)	3.6 (4)	85.8 (84)	.7 (16)	5.4 (111)	93.9 (1,833)

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CONGRESS OF THE UNITED STATES
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WASHINGTON, D.C. 20515

November 17, 1977

Dr. Paul Hill
National Institute of Education
1200 19th Street, N.W.
Washington, D.C. 20208

Dear Dr. Hill:

In order to have the most complete hearing record possible on the Title I program, I am writing to you today to ask four questions in addition to those which you were asked during your appearance before the Subcommittee on November 1st. These questions all concern the thirteen demonstration districts involved in the funds allocation project authorized by the Education Amendments of 1974.

The four questions which we did not have time to ask at the hearing are the following:

(1) Does the N.I.E. have any statistical data yet on the educational effects on children in formerly eligible Title I schools which schools lost their Title I programs with the funds allocations shifts occurring in the thirteen demonstration districts? In other words, did children who participated in Title I programs before the change maintain their reading and math scores after the Title I programs were removed from their schools?

(2) Does the N.I.E. have any evidence yet on what will happen after the thirteen demonstration school districts use up their carryover money from Title I, which funds have enabled them (together with other funding) to maintain approximately the same level

of services while expanding the number of children served in these programs? In other words, is there any evidence to show which choices will be made by school districts when over time they will have to choose between different student populations instead of being able to serve more students with carryover funds?

(3) Does the N.I.E. have any evidence yet on the educational achievement of students in those districts among the thirteen demonstration districts where the per pupil expenditure went down considerably in order to serve more children (although the overall statistics for the thirteen districts showed only a slight decline in per pupil expenditure, it seems that this trend was not uniform and some districts seemed to have experienced a very substantial decline in per pupil expenditure)? In other words, have test scores gone down for Title I children as the available funds have been spread more thinly to serve more children in those districts?

(4) Does the N.I.E. have any evidence that local school administrators in these thirteen districts were responding to local pressures to expand the Title I program into middle class areas when they were given the waivers from the presently required school eligibility factors?

I would be most appreciative if you could respond to these questions and provide the Subcommittee with further information on these four points by November 30th. Thank you again for your testimony, and I look forward to receiving your responses to these questions.

Sincerely,

Carl D. Perkins
Chairman

CDP:Jp

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
NATIONAL INSTITUTE OF EDUCATION
WASHINGTON, D.C. 20208

NOV 30 1977

Honorable Carl D. Perkins
Chairman
Committee on Education and Labor
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

I am responding to your letter of November 17, 1977, in which you asked four questions concerning the demonstration districts. I shall answer questions (1) and (3) together because they deal with similar content, and then turn to questions (2) and (4).

Question 1 -- Does the NIE have any statistical data yet on the educational effects on children in formerly eligible Title I schools which schools lost their Title I programs with the funds allocations shifts occurring in the 13 demonstration districts? In other words, did children who participated in Title I programs before the change maintain their reading and math scores after the Title I programs were removed from their schools?

and

Question 2 -- Does the NIE have any evidence yet on the educational achievement of students in those districts among the 13 demonstration districts where the per-pupil expenditure went down considerably in order to serve more children (although the overall statistics for the 13 districts showed only a slight decline in per-pupil expenditure, it seems that this trend was not uniform and some districts seemed to have experienced a very substantial decline in per-pupil expenditure)? In other words, have test scores gone down for Title I children as the available funds have been spread more thinly to serve more children in those districts?

First, I shall note that the purpose of NIE's study was to document the effects of the demonstration projects on the characteristics of students served, and of services delivered, under Title I. Those outcomes are the best measures of the effects of the demonstrations because they are directly linked to the funds allocation changes which the demonstrations permitted. Most of the time and money available for the research was devoted to providing clear and unambiguous measures of those outcomes. For measure of other outcomes, such as student achievement changes, we relied on data normally collected by the school districts.

In response to Question 1, 11 of the 13 demonstration districts served additional schools without removing Title I services from schools which previously received them. In two districts (Winston-Salem and Charlotte) some schools did lose their Title I programs, and students in those schools did experience a loss of special services. Unfortunately, the achievement testing programs in those two districts were changed between the first and second years of the demonstration, so that comparable achievement test data are not available to answer your question. It is, however, safe to say that some students in those districts did lose access to the high quality services previously delivered to them through the Title I program.

With respect to Question 3, it is not possible to separate the consequences of declining expenditures from other changes which may have affected the test scores of Title I children in these districts. As NIE's report, "Demonstration Studies of Funds Allocation Within Districts" discussed, the change to achievement as the Title I eligibility criterion caused the districts to deliver services to a lower-achieving group of students in the second year than in the first. Though achievement data are available for some of the districts which experienced decreases in per-pupil expenditures, we have found it impossible to use those data for a definitive analysis. In the data the effects of the decline in services are hopelessly confounded with the effects of the lower initial achievement levels of the students served.

Question 3 -- Does the NIE have any evidence yet on what will happen after the 13 demonstration school districts use up their carryover money from Title I, which funds have enabled them (together with other funding) to maintain approximately the same level of services while expanding the number of children served in these programs? In other words, is there any evidence to show which choices will be made by school districts when over time they will have to choose between different student populations instead of being able to serve more students with carryover funds?

Abt Associates, NIE's research contractor for the demonstration studies, has collected data on the extent to which carryover, other Federal funds, or State or local funds have been used to supplement the Title I program during the demonstration. The districts have just completed their cost accounting for the 1976-77 school year, and Abt's analyses of the data will be available to you by late December.

The districts have always assumed the need to return to poverty-based allocation at the end of the demonstration projects. Those who are relying on carryover funds to expand their programs during the 1976-77 and 1977-78 school years have apparently spent half of their carryover funds in each year. Thus, many of the districts will have no carryover remaining at the end of the 1977-78 school year.

When the districts return to poverty-based allocation, they will probably serve approximately the same numbers of schools and students that they served in 1975-76, before the demonstrations. Some districts, however, would welcome the opportunity to continue using the funds allocation procedures established under the demonstration projects. Should Congress grant them that authority, the seven districts which currently serve all schools would probably continue to do so. The lack of carryover funds would probably force them to serve fewer students in those schools than are now being served.

Question 4 -- Does the NIE have any evidence that local school administrators in these 13 districts were responding to local pressures to expand the Title I program into middle class areas when they were given the waivers from the presently required school eligibility factors?

The districts' expressed reasons for wishing to change their funds allocation processes are listed on pp. 3-4 of our report on the demonstration studies. Most districts cited the desire to serve low-achieving students who might not reside in poverty areas (especially in desegregated districts), and a desire to remove the "stigma" of Title I as a poverty or minority program. NIE has no evidence to suggest that there were local pressures specifically directed to expanding the program into middle class areas. However, the districts were aware that expanding into schools which were not previously eligible under economic criteria would necessarily mean serving schools containing fewer poor students.

I hope these responses will be useful in the Committee's discussion about the future of Title I.

Sincerely,

Paul Hill

Paul T. Hill, Director
Compensatory Education Study

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November 21, 1977

Dr. Paul Hill
National Institute of Education
1200 19th Street, N.W.
Washington, D.C. 20208

Dear Dr. Hill:

I understand from Jack Jennings that last week's conference on the 13 demonstration school districts held at the Embassy Hotel was very useful in terms of understanding their experiences with the waivers which were granted to them for the last several years by the National Institute of Education.

From reviewing the background materials submitted by these school districts for the conference, some questions have arisen from these materials; and I would be most appreciative if you could submit answers to these questions by no later than December 6th.

Sincerely,

Carl D. Perkins
Chairman

CDP:Jp

REGARDING ADAMS COUNTY, COLORADO SCHOOL DISTRICT

(1) Since this school district almost doubled the number of students served after it received its waiver and since the pupil-teacher ratio increased dramatically, is there any statistical data that students are receiving fewer services than before?

(2) Since all schools were made eligible for services and since the funds were used to pay a proportionate amount of a reading specialist's salary in each school, were the funds spread so thinly that a concentration of services on the lowest achievers was not possible? And, since only a portion of each reading specialist's salary was paid for in each building, were there substantially varying salaries paid among specialists in different buildings?

(3) How much was the school district spending before for these reading specialists? And did the Title I assistance in any way supplant that aid?

(4) Since Adams County was able to spread its Title I aid to all schools for their first three grades by cutting back on serving all grades in the previous target schools, is there any statistical data to show that formerly served students in the higher grades of the previous target schools are maintaining their gains or are they falling behind?

(5) Why did Adams County increase its number of eligible children from 756 in 1975-76 to 1,054 in 1977-78? And why was the number of served children increased even more dramatically from 174 in 1975-76 to 581 in 1977-78?

(6) Since there was a substantial decline in the per pupil expenditure from 1975-76 to 1977-78, is there any evidence to show a decline in the quality of services provided?

REGARDING ALUM ROCK, CALIFORNIA SCHOOL DISTRICT

(1) Since the school district divided its experiment so that one-half its schools continued to provide services to identifiable educationally disadvantaged students, while the other half provided services to all students, is there any statistical data to show the relative effects (both benefits and drawbacks) of each approach?

(2) Since the school district more than doubled its number of eligible and served students, and since it decreased its per pupil expenditure by more than half, is there any statistical data to show that the quality of services being provided remained the same?

REGARDING BERKELEY, CALIFORNIA SCHOOL DISTRICT

(1) It seems that the school district shifted the type of poverty data it used in determining schools between 1975-76 and 1977-78. Could it have made this shift under current law, or did some impediment preclude it?

(2) Why did the school district only increase its number of schools served by one after it received its waiver?

(3) Why did the school district double the number of children served between 1975-76 and 1977-78?

(4) Since the per pupil expenditure declined by almost 50% between 1975-76 and 1977-78, is there any objective data that the quality of services also declined?

REGARDING BOSTON, MASSACHUSETTS SCHOOL DISTRICT

(1) Of the increased number of schools served (from 62 in 1975-76 to 73 in 1977-78), it seems that seven of the additional schools were included due to the N.I.E. waiver. What were the characteristics, both in terms of poverty and educational need, of these schools as compared to the regular Title I schools?

(2) Why were there seemingly fewer eligible children between 1975-76 and 1977-78?

(3) Why did the per pupil expenditure increase dramatically between 1975-76 and then decline substantially between 1976-77 and 1977-78?

REGARDING THE CHARLOTTE-MECKLENBURG SCHOOL DISTRICT

(1) Regarding student eligibility, it seems that tests were given in former Title I schools and then were given in 19 additional schools which became eligible according to an achievement criterion in order to determine student eligibility for Title I in the first year of the waiver. If this is correct, it seems that both poverty and achievement were used for choosing schools in the first year of the waiver. Is this correct? But in the second year of the waiver it seems that only tests were used for determining student eligibility. Is that correct?

(2) It seems that in the first year of the waiver different tests were used to determine school eligibility and student eligibility. Why was this so? In the second year of the waiver it seems that the same tests were used for determining school and student eligibility. Why was this so?

(3) The number of schools served went from 49 to 59 and then dropped to 37 over the three years of the demonstration. Why did this occur?

(4) The number of students served also declined substantially from the first year of the waiver. Why was this so? Was the decline in the number of eligible students from the first year of the waiver to the second year a result of a change in the tests used or a result of the application of a different cut-off point?

(5) The per pupil expenditure increased substantially from 1975-76 to 1977-78. Why did this occur?

(6) The school district eliminated its funding for auxillary services for Title I over the three-year period. Could this have been done under the present law, or was there some special reason due to the waiver which percipitated it?

REGARDING HARRISON COUNTY, WEST VIRGINIA SCHOOL DISTRICT

(1) Since Harrison County stated that "the reason for deciding to participate was that the parents and educators of the county felt that school-based poverty criteria denied needed services to certain low achievers", is there any objective data on the economic status of these other parents and on the relative degree of low achievement of their students as compared to the parents and children in the regular Title I schools?

(2) Since Harrison County was able to expand its program to non-Title I schools by eliminating its summer program for formerly eligible Title I children, is there any objective data to show that the achievement gains of the former Title I students have been maintained or have gone down because they were not able to be sustained during the summer months?

(3) It seems that Harrison County is still using poverty data to choose its schools after it received its waiver. Is this accurate, or is there some combination of poverty and achievement used?

(4) Why did Harrison County change its tests for determining students eligible three times within the 1975 to 1978 time period?

(5) Why was there an increase in the number of eligible children in the first year of the waiver and then a decline in the second year? Why was there the same pattern with a number of eligible children?

(6) How could Harrison County maintain approximately the same per pupil expenditure between 1975-76 and 1977-78 when it increased the number of children served by over 300?

REGARDING THE HOUSTON, TEXAS SCHOOL DISTRICT

(1) Why was there an increase from 92 Title I eligible schools in 1975-76 to 119 in 1977-78 but only an increase in schools served in that time period from 54 to 57? In other words, why did so many more schools become eligible but only a relatively few more actually get served?

(2) What was the overlap between the Title I eligible schools in 1975-76 and those in 1977-78, and what was the overlap in the schools served in the same time period?

(3) Regarding the changes in the methods of choosing students to be served between 1975-76 and the waiver years, could the school district have made these changes without having to receive a waiver?

(4) What methods were used for determining dollar allocations to Title I schools before the waiver and after the waiver, and why were these methods chosen? Could the ones chosen after the waiver have been used before the waiver?

(5) Why was there a decline in the number of eligible students between 1975-76 and 1977-78? Why was there an increase in the number of students served, and were any of these educational students served with State compensatory dollars or additional local dollars?

(6) Since there was an increase in the per pupil expenditure from 1975-76 to 1977-78, did this just result from an increase to the Title I allocation or were there additional State or local dollars?

(7) Regarding the changes in the instructional program offered between 1975-76 and 1976-77, could these changes have been brought about under the present law?

(8) Regarding the rank order of schools using poverty and educational need, it seems that eight of the poorest schools were among the bottom 20 in terms of educational need while 12 of the richest schools were among the top 20. Since this data seems to show a higher correlation between high achievement and wealth than it does between poverty and low achievement, could one of the reasons for this be that the Title I program has been successful in the poorer schools in increasing their students' achievement?

REGARDING THE MESA, ARIZONA SCHOOL DISTRICT

(1) Why did the school district decide to use all of its Title I funds for hiring para-professionals or aides?

(2) Since the school district stated that a reason for its seeking a waiver was that high achieving students were being served in Title I schools while lower achieving students were not being served in non-Title I schools, is there any objective data to show that the high achievement in Title I schools resulted from the Title I program itself? And is there any objective data to show that the partial withdrawal of services from those schools has resulted in any decline in achievement among those schools?

(3) Why did Mesa have such a substantial increase in the number of eligible, and in the number of served, students between 1975-76 and 1976-77 and than a substantial decline in the number of such students between 1976-77 and 1977-78? Why was there such a substantial decline in the per pupil expenditure between 1975-76 and 1976-77 and such a substantial increase between 1976-77 and 1977-78?

REGARDING NEWPORT, RHODE ISLAND SCHOOL DISTRICT

(1) Since the school district seemed to increase the number of students it served from 45 in 1975-76 to 345 in 1977-78, what has been the type of change in the programs offered between those two years?

(2) Since the school district increased the number of served students by more than seven-fold, how could it have at the same time increased its per pupil expenditure under Title I from $443.23 to $551.18?

(3) Why did the school district increase the number of children served from 45 in 1975-76 to 445 in 1976-77 and then decrease the number served to 345 in 1977-78?

REGARDING RACINE, WISCONSIN SCHOOL DISTRICT

(1) Since the school district contends that it has been able to serve 600 more students and still maintain the same quality in its program with a lower per pupil expenditure, how was it able to accomplish this?

(2) Why did the school district increase the number of public schools served from 13 to 30 but decrease the number of private schools served from 6 to 2?

REGARDING SANTA FE, NEW MEXICO SCHOOL DISTRICT

(1) Why was teacher referral reintroduced as a method for choosing Title I children in the second year of the waiver?

(2) Why did the school district increase the number of children served from 763 in 1975-76 to 1,250 in 1977-78?

(3) It seems that the per pupil expenditure declined over the years of the demonstration. Is there any difference in the type of services being provided now as compared to before, and is there any objective data showing comparative achievement data for Title I children from before and after the waiver?

REGARDING WINSTON-SALEM SCHOOL DISTRICT

(1) Why did the school district more than double its number of eligible students and its number of served students during the waiver period?

(2) Although it almost doubled its number of served students, its per pupil expenditure remained approximately the same. Why was there not any decline?

REGARDING THE YONKERS, NEW YORK SCHOOL DISTRICT

(1) Since Yonkers has schools served by city, State compensatory, and Title I funds, has it experienced any problems in trying to have a coordinated program with all of this funding? Does the school district have any suggestions to make for achieving a better coordination of these funds within the school district or the school building?

(2) Why did the school district only increase its number of served schools by one after it received its waiver?

(3) Even though the served schools only increased by one, the number of served pupils increased very substantially. How did this come about?

(4) Since the per pupil expenditure declined by 50% between 1975-76 and 1977-78, was the quality of services provided the same?

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
NATIONAL INSTITUTE OF EDUCATION
WASHINGTON, D.C. 20208

DEC 20 1977

Honorable Carl D. Perkins
Chairman
Committee on Education and Labor
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This document is in response to your letter of November 21, 1977, in which you raised questions about the background material submitted by the thirteen demonstration districts for the Funds Allocation/Demonstration Projects Conference on November 14-16.

The questions were submitted by NIE to the districts for their direct answers. Where the question asked for district opinions, or for district information which NIE does not have, we have submitted their answers directly and noted the source of the quote. In other cases, Ann Milne, the NIE Technical Area Manager for the Demonstration Studies, has drawn from NIE data to verify, clarify, or expand their responses.

In discussions with Jack Jennings concerning the background materials submitted by the districts, it was noted that the districts are not consistent in the manner in which they defined and computed numbers of Title I eligible children. I am enclosing an attachment which specifies the method used by each district for each year.

I would also like to make two other points regarding the background materials submitted by the districts. First, the number of students served in each year, as listed by the districts, did not always translate into fulltime equivalent students (FTEs), but in some cases reflected all children who may have been in the program for any time during the year. More accurate information on FTEs for each district will be submitted to you in January, 1978, by NIE as a part of Abt Associates, Inc., report on the changes in costs of the demonstration Title I study. Second, the ppe figures listed by the districts were gross estimates, computed for illustrative purposes only. The districts used the following formula:

$$\text{ppe} = \frac{\text{Title I funds}}{\text{Title I students}}$$

Where: Title I funds = allocation plus carryover, for the elementary program only

Title I students = number of elementary students (FTEs) served

Thus, the districts reported only Title I (estimated) per pupil expenditures and did not include other funding sources with which they may be supporting the Title I program. The report submitted by Abt Associates in January will include more accurate per pupil expenditures for Title I, as well as estimates for other funding sources.

I trust that the enclosed material will be helpful. Please let me know if you have any questions or need further information.

Sincerely,

Iris C. Rotberg

Iris C. Rotberg, Acting Director
NIE Compensatory Education Study

Enclosure

Number of elementary-level Title I eligible
students as listed by 13
demonstration districts in
background material for
NIE conference (Nov. 14-16),
and method of determination

	1975-76	1976-77	1977-78
		Adams County, Colorado	
# of eligibles listed in Title I schools	756	1065	1054
# of Title I schools	3	16	16
method of determination	below national 50th percentile (CTBS)	below national 27th percentile (Gates McGinite)	same as 76-77
		Alum Rock, California	
# of eligibles listed in Title I schools	4,769	12,382	11,875
# of Title I schools	12	23	23
method of determination	below national 50th percentile (MAT)	below national 50th percentile (MAT) in half the schools, all students in other half	same as 76-77
		Berkeley County, West Virginia	
# of eligibles listed in Title I schools	943	1,818	1,500
# of Title I schools	11	12	12
method of determination	below grade level (MAT)	below national 40th percentile in reading, 27th percentile in math (CTBS)	same as 76-77
		Boston, Massachusetts	
# of eligibles listed in Title I schools	25,231	324,168	322,890
# of Title I schools	62	75	73
method of determination	these are not numbers of low achievers, but total enrollments of Title I schools; Boston serves students in priority order		

	1975-76	1976-77	1977-78
	up to cut-off of 40th percentile. Decline in "eligibles" reflects declining enrollments.		
	Charlotte, North Carolina		
# of eligibles listed* in Title I schools	8,981	11,807	7,247
# of Title I schools	49	59	37
method of determination	below grade level (CTBS)	below national 30th percentile (CTBS	below national 30th percentile (SAT)
	Harrison County, West Virginia		
# of eligibles listed in Title I schools	2,133	2,435	1,780
# of Title I schools	25	30	28
method of determination	six months below grade level (WRAT)	3-7 months below grade level (Gates McGinite)	below national 30-35 percentile (CTBS)
	Houston, Texas		
# of eligibles listed in Title I schools	30,891	26,902	22,800
# of Title I schools	54	58	57
method of determination	number from low-income families; not necessarily eligible for program participation	students in grades 3-6 below national 18th percentile (ITBS)	same as 76-77

* duplicated count; students in compensatory reading and math counted twice

	1975-76	1976-77	1977-78
Mesa, Arizona			
# of eligibles listed in Title I schools	1,513	2,631	1,726
# of Title I schools	13	25	27
method of determination	District criterion-referenced test; cut-off depends on number of students to be served (based on resources available)		
Newport, Rhode Island			
# of eligibles listed in Title I schools	112 (grades 4-5)	1,062 (grades 1-5)	1,000-1,100 (grades 1-5)
# of Title I schools	3	9	9
method of determination	below national 50th percentile (ITBS)	below national 50th percentile (SRA-STEA)	same as 76-77
Racine, Wisconsin			
# of eligibles listed, all district schools (30 schools)	4,200	4,050	3,900
# of Title I schools	13	26	26
method of determination	below district 30th percentile; (various standardized tests at various grade levels)		
Santa Fe, New Mexico			
# of eligibles listed in Title I schools	1,086	1,335	1,450
# of Title I schools	11	16	16
method of determination	6-24 months below grade level (informal testing, teacher referral)	raw score of 28-53 (WLC)	raw score of 28-53 (WLC plus teacher referral)
Winston-Salem, North Carolina			
# of eligibles listed in Title I schools	2,648	6,877	6,594
# of Title I schools	13	24	23
method of determination	1 or more years below grade level	below national 35th percentile (Reading Skills	same as 76-77

	1975-76	1976-77	1977-78
	(Informal Reading Inventory) teacher judgment	(Inventory, MAT)	
		Yonkers, New York	
# of eligibles listed in Title I schools	6,525	6,265*	6,000 (estimate)
# of Title schools	9	9	10
method of determination	18 months below grade level and/or teacher referral		

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* Number of eligibles in 1976-77 and 1977-78 do not include non-disadvantaged in 4 schools who are being served under waivers.

REGARDING ADAMS COUNTY, COLORADO SCHOOL DISTRICT

1. Since this school district almost doubled the number of students served after it received its waiver and since the pupil-teacher ratio increased dramatically, is there any statistical data that students are receiving fewer services than before?

   a. Ms. Carolyn Tennant, Special Programs Consultant for Adams County School District No. 12 responds:

      "Students are not receiving fewer services than before, even though the number of students served has doubled. The amount of time students have spent in Title I classes has decreased by only a very small amount. Even though the pupil-teacher ratio has increased in order to serve more students, the training which the teachers received has allowed them to continue successful individualization, including individual student diagnosis and percription according to need. The present high level of numbers of pupils served could not be maintained for several more years at the present rate of funding, however, mainly because of inflation."

   b. It should also be noted that NIE's research statistics show that, although the pupil-teacher ratio has increased, the proportion of time spent by students in small instructional groups has not decreased, but has, in fact, increased.

2. Since all schools were made eligible for services and since the funds were used to pay a proportionate amount of a reading specialist's salary in each school, were the funds spread so thinly that a concentration of services on the lowest achievers was not possible? And, since only a portion of each reading specialist's salary was paid for in each building, were there substantially varying salaries paid among specialists in different buildings?

   Mrs. Tennant explains:

   "Each of the district's 16 elementary schools was provided with one special reading teacher. The amount of time paid for by Title I funds was determined by the number of eligible students who had achievement needs in that building. Each school therefore, served 55% of the number of students who scored in the bottom quartile in reading at that school. The lowest achieving students at each building were therefore served equitably. The rest of the reading specialist's time that was not devoted to Title I services was given to district reading needs of other students. Each teacher's salary was therefore, based on the regular school district's salary schedule, as any other teacher's salary would be, and was paid for by both the district and Title I."

3. How much was the school district spending before for these reading specialists? And did the Title I assistance in any way supplant that aid?

   Ms. Tennant replies:

   "The school district did not previously pay for reading specialist's salaries. The eight elementary and nine secondary reading specialists who were hired by the Board of Education in 1976 incorporated a new expenditure. Therefore, far from supplanting the district effort, the allowance to combine both Title I and district effort has provided for the most complete compensatory education program Adams Co. School District # 12 has ever had."

4. Since Adams County was able to spread its Title I aid to all schools for their first three grades by cutting back on serving all grades in the previous target schools, is there any statistical data to show that formerly served students in the higher grades of the previous target schools are maintaining their gains or are they falling behind?

   a. Ms. Tennant replies:

      "Since the district has provided for continued service of students in grades 4-12, the students who were formerly served by Title I have not lost any services at all and their gains are therefore being maintained."

   b. NIE has no statistical data on achievement gains in Adams County.

5. Why did Adams County increase its number of eligible children from 756 in 1975-76 to 1,054 in 1977-78? And why was the number of served children increased even more dramatically from 1974 in 1975-76 to 581 in 1977-78?

   Ms. Tennant replies:

   "More students were eligible under the NIE contract years of 1976-78 because the program served more schools. The differences in the number of eligibles would have increased even more if the same criteria had been used in 1976-78 as in 1975-76 (i.e., students below the 50th percentile in eligible schools). Instead in 1976-78 the selection criteria cut-off was at the 25th percentile.

"The number of children served in 1975-76 was 174 elementary students plus 146 secondary students (320 total). This was increased to 581 in 1976-78 in an attempt to serve as many of the lowest achieving students in each school as was possible."

6. Since there was a substantial decline in the per pupil expenditure from 1975-76 to 1977-78, is there any evidence to show a decline in the quality of services provided?

Ms. Tennant responds:

"Although the per pupil expenditure declined, the quality of services provided remained high. In past years, the average Title I student gained more than a month in reading for every month in the program. Evaluation statistics for the 1976-77 year showed the same high gains in reading as before."

REGARDING ALUM ROCK, CALIFORNIA SCHOOL DISTRICT

1. Since the school district divided its experiment so that one-half its schools continued to provide services to identifiable educationally disadvantaged students, while the other half provided services to all students, is there any statistical data to show the relative effects (both benefits and drawbacks) of each approach?

   Alum Rock is in the process of analyzing the achievement test results for 1976-77, and the analyses should be available by the middle of January, 1978. These analyses are being conducted directly by the district, under contract to NIE, rather than by Abt Associates, Inc. The results will be analyzed separately for the two school types--those where all students are served, and those where only low-achieving students are served. It should be noted that differences among school types may be less pronounced than would be the case in other districts, because of the high proportion of low-achieving students in the district generally (over 85% of all students in the district score below the 50th percentile nationally).

2. Since the school district more than doubled its number of eligible and served students, and since it decreased its per pupil expenditure by more than half, is there any statistical data to show that the quality of services being provided remained the same?

   The report submitted by NIE in September, 1977, included data collected by Abt Associates which showed the following changes in services in Alum Rock: (1) a decrease time spent in compensatory language arts instruction (from 41 minutes before the demonstration to 31 minutes during the first year of implementation), (2) no change in the size of the instructional group in which such instruction was received, (3) an increase in the proportion of such instruction received from instructional specialists. Thus, according to NIE's research evidence, students received less time in compensatory instruction, but they received more time with specialists than they had before the demonstration.

   The district is also analyzing its own data on service delivery, and the results for 1976-77 should be available in mid-January. Comparable data for 1977-78, which adds classroom observations to verify the quantity and quality of services delivered, will be available from the district, through NIE, in the summer of 1978.

   Finally in response to both questions, it should be remembered that Alum Rock provides compensatory education from a wide variety of funding sources--Federal, State and local--and that Title I is not even the largest of these.

The bulk of all compensatory services are provided in the classroom. Thus, Title I students may receive many special services in addition to Title I.

REGARDING BERKELEY, WEST VIRGINIA SCHOOL DISTRICT

1. It seems that the school district shifted the type of poverty data it used in determining schools between 1975-76 and 1977-78. Could it have made this shift under current law, or did some impediment preclude it?

   Berkeley County, West Virginia, used free lunch counts to determine school eligibility in 1977-78 because the AFDC print-outs used in the past were not available this year. (Note that the summary inaccurately lists Orshansky counts as those used in 1975-76, and 1976-77; in fact, AFDC counts were used.) The shift was made under current law; Berkeley County did not request, and did not receive, waivers of target area selection regulations.

2. Why did the school district only increase its number of schools served by one after it received its waiver?

   Again, Berkeley County does not have waivers of target area selection requirements, only of concentration requirements. The additional school is a new school which qualified under poverty criteria.

3. Why did the school district double the number of children served between 1975-76 and 1977-78?

   Berkeley County's major interest in joining the Demonstration Project was to decrease concentration and thus serve many more students in current Title I schools. Berkeley County feels that it has been able to accomplish this by more efficient structuring of the lab programs and better diagnosis of the needs of low-achieving children.

   It should be noted that the number of children served are not FTEs, but all children served at any time by the program. Further data on FTEs will be available in January, 1978.

4. Since the per pupil expenditure declined by almost 50% between 1975-76 and 1977-78, is there any objective data that the quality of services also declined?

   a. In NIE's report on the Demonstration study (September, 1977), we noted that Title I students in Berkeley County lost some time in compensatory language arts instruction (from 35 minutes per day to 26 minutes), that the size of the instructional group increased, but that students spent proportionally more of their time with instructional specialists. Thus, the findings are mixed with respect to quality of services.

   b. The district's response to this question is supplied by Mrs. Susan Heflin, Coordinator of the NIE project:

   "Although per pupil expenditures decreased, the quality of services did not. There is little objective data to support this statement although our test data on students served show improved scores.

   "Subjectively though we feel that because of better checks on student needs and mastery of skills, individualized rather than group instruction and better record keeping of student progress our lab services have improved in quality."

REGARDING BOSTON, MASSACHUSETTS SCHOOL DISTRICT

1. Of the increased number of schools served (from 62 in 1975-76 to 73 in 1977-78), it seems that seven of the additional schools were included due to the NIE waiver. What were the characteristics, both in terms of poverty and educational need, of these schools as compared to the regular Title I schools?

By two measures, the seven new schools contained lower proportions of poor students than did the "regular" Title I schools. The seven schools were not eligible by poverty and thus were above the district average (39.3%, by AFDC), while the regular schools were primarily below the district average (with the exception of six schools served because they were served the previous year). This finding is confirmed by counts of students receiving free or reduced price lunch collected by Abt Associates in 1976-77; 73% of students in the seven new schools received such benefits, compared with 87% of students in the "regular" schools.

Boston does not regularly produce school-level achievement averages. A special tally of educational need was done only for Title I ineligible schools in order to rank and select the seven new schools. The district does not have comparable data for regular Title I schools. The estimates of low-achievers (those reading one year or more below grade level) collected by Abt associates estimate 30% low-achievers in the new schools and 39% low-achievers in the "regular" Title I schools in 1976-77. Although the new schools contained lower proportions of low-achievers, the students served in these schools were, on the average, lower-achieving than those served in "regular" Title I schools. This occurred because the district served proportionally fewer students in the new schools.

2. Why were there seemingly fewer eligible children between 1975-76 and 1977-78?

   The figures listed as "number of eligible students" in the summary are not numbers of children with academic need but simply the total enrollments for Title I served schools. Boston does not keep a master tally of number of low-achieving students, but requires that each school serve children in priority order up to a cut-off of the 40th percentile on national norms. The fact that the numbers decline across the three years simply reflects Boston's declining public school enrollment.

3. Why did the per pupil expenditure increase dramatically between 1975-76 and then decline substantially between 1976-77 and 1977-78?

   Boston's basic Title I grant across the three years has been approximately 7.4 million each year. The number of students served has been relatively constant between 14,000 and 15,000. The difference in per pupil expenditure reflects differences in carryover spending. Thus, Title I expenditures (Part A plus carryover) were only 8.5 million in 1975-76, but more than 9.7 million in 1976-77. As a consequence of this large carryover expenditure in 1976-77, there was relatively little carryover into 1977-78, and the projected budget is approximately 8.8 million.

REGARDING THE CHARLOTTE-MECKLENBURG SCHOOL DISTRICT

1. Regarding student eligibility, it seems that tests were given in former Title I schools and then were given in 19 additional schools which became eligible according to an achievement criterion in order to determine student eligibility for Title I in the first year of the waiver. If this is correct, it seems that both poverty and achievement were used for choosing schools in the first year of the waiver. Is this correct? But in the second year of the waiver it seems that only tests were used for determining student* eligibility. Is that correct?

* We assume that school eligibility is meant here.

The Stanford Achievement Test (SAT) was used to determine school eligibility in both 1976-77 and 1977-78; poverty statistics were not used. The confusion may have arisen from a statement in the summary which points out that testing for student eligibility (using the Comprehensive Test of Basic Skills) was conducted later in the year in the 19 "new" schools selected by the SAT than in the 40 "old" schools which were also selected by the SAT, but previously eligible under poverty.

2. It seems that in the first year of the waiver different tests were used to determine school eligibility and student eligibility. Why was this so? In the second year of the waiver it seems that the same tests were used for determining school and student eligibility. Why was this so?

   Ms. Barbara Davis, Director of Title I for Charlotte-Mecklenburg, responds:

   "In the first year of the waiver, we used the SAT to determine school eligibility and the CTBS to determine student eligibility, because the Title I program was using the CTBS for evaluation purposes. Also, the SAT, at that time, was only administered to two grades (3 and 6) which yielded sufficient data for school selection, but not enough for individual student selection.

   "During the second year of the waiver, we used the same test results for school and student eligibility for the following reasons:

   A. More grades were tested system-wide (3, 4, 6 and some second grades).
   B. This broader base would give us more data on students to be served.
   C. With the expected use of RMC Title I models for evaluation, we must use different tests for selection and for evaluation."

3. The number of schools served went from 49 to 59 and then dropped to 37 over the three years of the demonstration. Why did this occur?

   As Ms. Davis notes:

   "It is true that 59 schools were served during the first year of the waiver and only 37 were served during the second year of the waiver. Although the criterion for both school and student selection were the same, the number of schools decreased. The percentage of students achieving at or below the 30th percentile in math and reading decreased across the district. We attribute this to two main factors: (a) our cut-off point (35% at 30th percentile) was probably too near that of an average school, and (b) the concentration of services to specifically identified pupils."

4. The number of students served also declined substantially from the first year of the waiver. Why was this so? Was the decline in the number of eligible students from the first year of the waiver to the second year a result of a change in the tests used or a result of the application of a different cut-off point?

Ms. Davis' answer is as follows:

"We applied the same cut-off point in both the first and second year of the waiver. We have not analyzed what effect a change in tests from student selection might have had. We offer the following explanation for a decrease in the number of students served.

"The number of Title I participants reported for the 1976-77 school year reflects the total number of students served in reading and math throughout the entire school year.

"The number of Title I participants indicated for 1977-78 refers to the number of students enrolled in the reading and math labs as of October 6, 1977. This figure indicates the participants at one particular date, whereas the figures for the previous two years are a cumulative count of all students receiving services during the course of the entire school year. The number of participants for 1977-78 will therefore increase considerably by the end of the school year as some students move and others take their places."

5. The per pupil expenditure increased substantially from 1975-76 to 1977-78. Why did this occur?

   a. Ms. Davis responds:

      "The increase in per pupil expenditure was due to:

      A. State-wide increase in teachers' salaries and benefits
      B. Higher cost of instructional materials and supplies

      However, the per pupil expenditure for 1977-78 is a bit inflated since the amount expended is based on exhausting the budget allocation. The higher per pupil expenditure is also the result of using the lab enrollment as of October 6, 1977 rather than a cumulative count of participants. This expenditure is expected to decrease when recalculated at the end of the school year as the actual amount expended will be less than allocated and more students are served."

b. It should also be noted that the district's ability to increase the per pupil expenditure was a result of (1) availability and use of carryover, and (2) holding constant the number of students served while increasing the number of schools served.

6. The school district eliminated its funding for auxillary services for Title I over the three-year period. Could this have been done under the present law, or was there some special reason due to the waiver which precipitated it?

Ms Davis answers:

"Auxiliary services were eliminated apart from the demonstration project. The school district planned to discontinue these services in view of the possibility of supplanting services to be offered after discontinuing kindergarten programs. This step would have been taken if the district had not participated in the demonstration project."

REGARDING HARRISON COUNTY, WEST VIRGINIA SCHOOL DISTRICT

1. Since Harrison County stated that "the reason for deciding to participate was that the parents and educators of the county felt that school-based poverty criteria denied needed services to certain low achievers", is there any objective data on the economic status of these other parents and on the relative degree of low achievement of their students as compared to the parents and children in the regular Title I schools?

Ms. Jeannette Malson, Coordinator of the NIE project in Harrison County and Mrs. Ruth Gimmel, Director of Title I jointly respond:

"The economic status of the other parents--individually--would be impossible to determine unless the school free lunch records for each child were to be studied. (There are approximately 16,000 students enrolled in Harrison County Schools.)"

2. Since Harrison County was able to expand its program to non-Title I schools by eliminating its summer program for formerly eligible Title I children, is there any objective data to show that the achievement gains of the former Title I students have been maintained or have gone down because they were not able to be sustained during the summer months?

Ms. Malson and Mrs. Gimmel answer:

"This question cannot be answered at this time. However, with no summer school in 1975, there was no discernable difference in the achievement gains of the participants."

3. It seems that Harrison County is still using poverty data to choose its schools after it received its waiver. Is this accurate, or is there some combination of poverty and achievement used?

Harrison County is, in fact, a "direct allocation" district, and all schools within given grade spans are eligible and served. Students are selected within these schools based on educational need. However, Harrison County, along with all demonstration districts, continues to collect poverty statistics on its schools, at NIE's request. At the end of the study, if districts return to ranking by poverty measures, they may (if they choose) continue to serve schools which are not then eligible by poverty, but which would have been eligible under poverty during the waiver period, and were served (Section 116.a 20(g), Title I regulations). In submitting the background summary, Harrison misunderstood the instructions for specifying school eligibility in 1976-77 and 1977-78.

4. Why did Harrison County change its tests for determining students eligible three times within the 1975 to 1978 time period?

Ms. Malson and Mrs. Gimmel respond:

"In 1975, the WRAT test was used only as a survey instrument. The Gates-McGinite was used to determine children eligible. It still is. The Gates-McGinite will be used for evaluation during all three years--1975-78. However, in 1976-77, the CTBS Test was used in order to correlate with the County/State Testing Program and it provides the needs assessment for determining eligible children, rather than participating. It will be used also in 1977-78."

5. Why was there an increase in the number of eligible children in the first year of the waiver and then a decline in the second year? Why was there the same pattern with a number of eligible* children?

Ms. Malson and Mrs. Gimmel answer:

"* We are assuming this means served.

"Because of the change in the criteria for selection the first year more students were determined eligible. Some of these students were borderline and needed the special reading for possibly only one year and several of these children tested out of the program. The same answer applies to the children served."

6. How could Harrison County maintain approximately the same per pupil expenditure between 1975-76 and 1977-78 when it increased the number of children served by over 300?

   Ms. Malson and Mrs. Gimmel respond:

   "Surplus and reserve funds were used to cover the cost of the additional students."

REGARDING THE HOUSTON, TEXAS SCHOOL DISTRICT

1. Why was there an increase from 92 Title I eligible schools in 1975-76 to 119 in 1977-78 but only an increase in schools served in that time period from 54 to 57? In other words, why did so many more schools become eligible but only a relatively few more actually get served?

   Ms. Beatrice Smith, Assistant Superintendent for External Funding in the Houston Independent School District, submits the following response:

   "Based on economic criterion in 1975-1976, there were 91 schools above the District mean of 28.72% using the 1970 Census data. Based on educational criterion in 1977-1978; 119 schools were above the District mean of 23.63%, using the 18th percentile as the achievement level. Had we used the 35th percentile as the educational criterion (which would be the most desirable level) virtually all of our campuses would have been eligible. Until there are full-funding provisions, or at least equitable funds to provide supplementary services, the identification of more students [or schools] to be eligible would be useless, for we could not provide the services with the current level of funding."

2. What was the overlap between the Title I eligible schools in 1975-76 and those in 1977-78, and what was the overlap in the schools served in the same time period?

   a. Ms. Smith replies:

      "All schools identified as eligible by economic criterion were also eligible by educational criterion. An additional 18 campuses were identified as eligible by educational criterion but differed substantially in rank order. All campuses served were eligible under [one or the other] criterion."

b. In addition, NIE is currently analyzing data from Houston, as well as from other demonstration districts, to determine the extent to which schools eligible under poverty criteria would be eligible under achievement criteria, and vice versa, across years.

3. Regarding the changes in the methods of choosing students to be served between 1975-76 and the waiver years, could the school district have made these changes without having to receive a waiver?

Two changes in student allocation occurred during the waiver years:

(1) Under the demonstration, the district served pupils of approximately equal achievement levels in each school. Prior to the waivers, Houston was required to provide services to eligible schools in descending order by poverty rank. Thus, a very poor (but very small) school received considerably more resources for each low-achieving child than did a lower-ranked (but perhaps very large) school. NIE believes that this is not required by Title I regulations, but is a State/local interpretation. Thus, the change could have been made without waiver of Federal regulations.

(2) In addition to target area selection waivers, Houston also has a waiver of the definition of educationally deprived children, which allows it to continue serving a limited number of students after they reach grade level. This could not be done without a waiver of Federal regulations.

4. What methods were used for determining dollar allocations to Title I schools before the waiver and after the waiver, and why were these methods chosen? Could the ones chosen after the waiver have been used before the waiver?

As explained in response to question (3) above, in 1975-76 programs were concentrated in the schools with the highest percentage of poor students, regardless of the size of the school or the number of low achieving students. In 1976-78, dollar allocations are based on the number of low-achieving students in each school. The prior allocation system was based on State/local interpretation of Federal regulations. It should be noted that many other States and districts interpret these regulations to permit resource distribution in proportion to the number of low-achieving children.

5. Why was there a decline in the number of eligible students between 1975-76 and 1977-78? Why was there an increase in the number of students served, and were any of these educational students served with State compensatory dollars or additional local dollars?

Ms. Smith responds:

"There was a decline in the number of eligible students between 1975-76 and 1977-78 because of the change from economic criterion (based on a fixed schedule-Orshansky) to the level of achievement selected (18th percentile) to identify only the children in greatest need that could be served with the dollars available. As discussed in Question #1, the percentile selection would determine the number eligible to be served, but to identify more than could be served would serve no educational purpose. Some State compensatory education funds were used in most of the schools served to provide additional programs, as well as to provide supervisory services."

6. Since there was an increase in the per pupil expenditure from 1975-76 to 1977-78, did this just result from an increase to the Title I allocation or were there additional State or local dollars?

Ms. Smith replies:

"Although the Houston ISD per pupil expenditure increased approximately 19% from 1975-76 to 1977-78, the Title I per pupil expenditure increased by only 9%. The per pupil expenditure as indicated in the report to NIE does not include the cost for summer school for 1977 and includes Title I dollars only. Summer school for 1977 for 9,000 pupils cost approximately $2 million, or a per pupil cost of $222."

7. Regarding the changes in the instructional program offered between 1975-76 and 1976-77, could these changes have been brought about under the present law?

Ms. Smith responds:

"Very little change in the instructional program occurred, only changes in the delivery of services were of importance and these changes could have taken place under the present law."

8. Regarding the rank order of schools using poverty and educational need, it seems that eight of the poorest schools were among the bottom 20 in terms of educational need while 12 of the richest schools were among the top 20. Since this data seems to show a higher correlation between high achievement and wealth than it does between poverty and low achievement, could one of the reasons for this be that the Title I program has been successful in the poorer schools in increasing their students' achievement?

Ms. Smith responds:

"There are many variables which might be worthy of consideration regarding this item, but most of them would be difficult to isolate or control. These variables would include such items as student mobility, building leadership, longitudinal studies of students who have been served for a number of years by Title I program, etc. Inasmuch as Title I eligible campuses have been ranked by economic criterion since the inception of the legislation, it may well be that the ranking by educational criterion would not have been dissimilar to the 1976-77/1977-78 ranking at that time. Since appropriate records are not, however, available to provide these comparisons, an adequate and (I believe) a valid assumption can be made that indeed the Title I programs have been a significantly contributing factor in increasing the academic achievement in the poorer schools."

REGARDING THE MESA, ARIZONA SCHOOL DISTRICT

1. Why did the school district decide to use all of its Title I funds for hiring para-professionals or aides?

Dr. James S. DeGracie, Director of Research and Evaluation for the Mesa Public Schools, has responded directly to this question:

"The main reason for the use of paraprofessionals over certificated teachers in the Title I program at the elementary level is simply that more students can be served with the allotted resources. The paraprofessionals that are used in the Title I programs are under the supervision of the district reading and math resource teachers and are monitored weekly. They also have undergone an inservice session at the beginning of the school year and supplemental inservice during the school year. Historically, Title I funds were initially used to hire a coordinator of reading and two reading resource teachers. During the first year of Title I implementation, these reading people not only serviced Title I students but also developed the total reading program. Although the reading program was specifically designed for Title I students, it was found to be usable throughout the district. The district has since assumed the cost of the reading program; that is, the salaries of the district reading director as well as the current number of 18 reading specialists. The thrust of the district program, as in the Title I program, is to use the director of reading with the reading specialists to monitor all reading programs. Paraprofessionals, then, directly impact both the Title I students and others in need of assistance. The district employs 30 program aides in addition to the Title I aides. Even at the beginning of the program it was felt that at grades 1 through 6 paraprofessionals who come to the district with some training, i.e., 25% have bachelor's degrees or higher, could more adequately service Title I eligible students."

2. Since the school district stated that a reason for its seeking a waiver was that high achieving students were being served in Title I schools while lower achieving students were not being served in non-Title I schools, is there any objective data to show that the high achievement in Title I schools resulted from the Title I program itself? And is there any objective data to show that the partial withdrawal of services from those schools has resulted in any decline in achievement among those schools?

Dr. DeGracie responds:

"In response to the first part of question 2, the Mesa Public Schools does not have objective data to show that the high achievement by individual students in Title I schools resulted from the Title I program itself. At this time the district does not have a viable student data base which is needed to accumulate longitudinal information. Only with longitudinal information could one respond or document an individual student's progress from one year to the next. The statement that was made in the background materials was meant to be an exception rather than the rule. An extremely small number of students [who were served] had high pretest scores, however, because the paraprofessionals had enough time [to serve them] through the Title I program. It should be stressed that this only occurred on rare occasions and that the program emphasis was certainly directed toward those students that were classified as underachievers.

"Addressing the second part of question 2, again, the district does not have objective data (test scores) to document the results of adding or withdrawing Title I resources (funds) from the given schools. The main reason that information such as this is not available is that, as previously stated, the Mesa Public Schools rely almost exclusively on criterion-referenced testing, which is continually updated. Comparisons of given test scores, therefore, cannot be made over years because, in fact, after the revisions are made in the test instruments they can be considered as new tests or totally different tests. Another consideration is that the total number of students that were receiving assistance in 1975-76 at a given school compared to the number receiving assistance from Title I programs in 1976-77 did not change significantly. The largest change was a 70 student gain for a non-Title I school and a 90 student loss in a Title I school. Keeping these facts in mind, the district did attempt to take a look at changes in performance between the two years 1975-76 and 1976-77.

"The 1975-76 year was the planning year and during this year, thirteen targeted schools, targeted based on socio-economic measures, received Title I assistance. The second year, 1976-77, all elementary schools in the district received Title I assistance. To come up with a cognitive measure for each of the elementary schools the criterion-referenced results from the post-tests were totaled over all grades for both reading and math. This simply yielded a total score for each of the elementary schools. Based on this total score ranks were given to the schools with a rank of one given to that school with the highest total, rank of two with the next highest total, etc. Comparisons were then made between the changes in ranks for each of the individual schools. For the original thirteen schools that received Title I funds in 1975-76 and which therefore had either a decrease in allocation or remained the same, the performance of three schools went down compared to the others and nine of the schools increased their performance ranking. One school's cognitive rank remained the same. Considering the non-Title I schools during the original 1975-76 project year, nine schools decreased in rank, two schools increased and one remained the same. Considering the average ranks for the two-year period the original Title I schools had a rank of 16.6 out of 25 schools the first year and a rank of 15.2 out of 25 schools the second year. The average rank for the original 12 non-Title I schools was 9.1 the first year and 10.6 the second year. Again, taking note of the original qualifiers, it can be seen that no significant decrease in cognitive rank occurred due to the loss of Title I funds at the original thirteen Title I schools. It is also evident that no increase in performance was based on ranks occurred due to the expenditure of added Title I funds in the original non-Title I schools. If anything, a reverse pattern seemed to be apparent although certainly not significant."

3. Why did Mesa have such a substantial increase in the number of eligible, and in the number of served, students between 1975-76 and 1976-77 and then a substantial decline in the number of such students between 1976-77 and 1977-78? Why was there such a substantial decline in the per pupil expenditure between 1975-76 and 1976-77 and such a substantial increase between 1976-77 and 1977-78?

In response to the first part of the question, two general points should be made. First, Mesa personnel do not distinguish between eligible and served students. They determine the proportion of Title I funds that they wish to spend at each grade level. They then determine how many students can be served in each grade with available resources, and establish for each grade the cut-off on the district criterion-referenced tests that will result in that number of students receiving services. (See attachment for effective cut-offs for each grade). These students are thus eligible and served. Second, the number of students listed in the Summary as served are not FTE's, but all students who received services at any time during the year.

In the beginning of 1976-77, the district had considerable difficulty with the computer program used to identify the list of eligibles. By the time this was done in late October, the district had only eight months rather than nine and one half in which to spend their allocation. Thus, more aides were hired for the shorter time-span, enabling the district to serve more students. In 1977-78, students were selected on the basis of posttest scores from the previous spring, aides were hired at the beginning of the year, and these (fewer) aides are serving fewer students. When the numbers of students served are translated into FTEs by Abt Associates in January, 1978, we may find that the FTEs served each year are nearly equal.

The difference in per pupil expenditure across the years is simply a reflection of the differences in the number of children (not FTEs) served each year, as well as some fluctuation in resources allotted to secondary programs.

REGARDING NEWPORT, RHODE ISLAND SCHOOL DISTRICT

(The responses below are a collaborative effort of Ms. Mary Macioci, Grants Program Coordinator for Newport Public Schools, and Mr. Robert Reid of Psychometrics, Inc., a consultant to the Newport demonstration project.)

1. Since the school district seemed to increase the number of students it served from 45 in 1976-76 to 345 in 1977-78, what has been the type of change in the programs offered between those two years?

Ms. Macioci and Mr. Reid respond:

"The increase in population is misleading since during the 1975-76 year Title I funds were used to serve only students in grades 4-5 in three of the designated target schools. The total population that year in the program, funded with Title I money was 75 (not 45 as cited in your question) (see attached table).

"Students in grades 1-5 in the other seven schools were served with LEA and SCE funds. The programs in all ten schools were alike, i.e., they were all part of what is not Project SEAPORT, the Remedial Reading Program in terms of instructional processing.

"The total pupulation of the program, grades 1-5 in all ten schools was 345 students in 1975-76, the same as in 1977-78; 75 students were served under Title I funding and 270 students were served under LEA and SCE funding.

"The only basic programmatic changes that occurred in 1977-78 other than funding were those brought about by the demonstration waivers, i.e., selection criteria changes and early entry/late entry provisions. The instructional processes remained intact and the total pupulation of students served remained approximately the same."

Reading

Grade	Cutoff Score (Percent Correct)			Test Used	Month/Year Test Given	Population Tested
	1975-76*	1976-77	1977-78			
1		70	75	Murphy-Durrell	9/75, 76, 77	All students
2		78	50	District Criterion Referenced Test (DRA)	9/75, 76, 77	All students
3		76	41	District Criterion Referenced Test (DRA)	9/75, 76, 77	All students
4		73	21	District Criterion Referenced Test (DRA)	9/75, 76, 77	All students
5		36	24	District Criterion Referenced Test (DRA)	9/75, 76, 77	All students
6		26	29	District Criterion Referenced Test (DRA)	9/75, 76, 77	All students

Math

Grade	Cutoff Score (Percent Correct)			Test Used	Month/Year Test Given	Population Tested
	1975-76*	1976-77	1977-78			
1		41	–	District Criterion Referenced Test (MMSA)	12/75, 76, 77	All students
2		44	21	District Criterion Referenced Test (MMSA)	9/75, 76, 77	All students
3		31	24	District Criterion Referenced Test (MMSA)	9/75, 76, 77	All students
4		18	20	District Criterion Referenced Test (MMSA)	9/75, 76, 77	All students
5		27	27	District Criterion Referenced Test (MMSA)	9/75, 76, 77	All students
6		29	30	District Criterion Referenced Test (MMSA)	9/75, 76, 77	All students

* Specific cutoff scores district wide were not determined. The cutoff scores varied from school to school with the students being served on a priority basis.

2. Since the school district increased the number of served students by more than seven-fold, how could it have at the same time increased its per pupil expenditure under Title I from $443.23 to $551.18?

Ms. Macioci and Mr. Reid state:

"The table attached, which includes the most up-to-date and accurate data available, does indicate that the per pupil expenditures (Title I only) did increase by the amount indicated; however, reference to Answer 1 will show that the population of the total program did not increase seven-fold (remained about the same) it, again was the funding source that changed from SCE and LEA to Title I. This fact is not provided for on the table's structure, and, therefore, causes the basic confusion."

3. Why did the school district increase the number of children served from 45 in 1975-76 to 445 in 1976-77 and then decrease the number served to 345 in 1977-78?

Ms. Macioci and Mr. Reid respond:

"First, the district served 75 students under Title I, ESEA funding in 1975-76 (see Answer 1). Second, the district served 345 children in 1976-77 not 445 as indicated; and then the district served 345 in 1977-78.

"The figures provided at the conference in Washington may have been erroneous* as well as misleading. The enclosed table has the corrected figures.

"The population served by Project SEAPORT has remained fairly stable at 345 students in grades 1-5 from 1975 to the present. As was indicated the only changes occurred in dispursement of funding and in selection entry/exit processes."

* The figure of 45 students is actually 75
The figure of 445 is actually 345 (Project SEAPORT also serves students in grades 6-9 although these components are not part of the demonstration project and we feel that the grade 6 students N=100 mistakenly got counted in on the original table accounting for the 445 figure in question 3 instead of the correct figure of 345.

Newport School District

Elementary School Level
Title I Program

	1975-76	1976-77	1977-78
chool Eligibility Measures used Formula	1) AFDC Counts based on school enrollment 25% 2)Free lunch counts based on school enrollment 75%	All nine elementary schools eligible	All nine elementary school eligible
number of public elementary schools	9	9	9
umber of school eligible	3	9 (all)	9 (all)
umber of schools served	3 (grades 4-5)	9 (all) (grades 1-5)	9(all)(grades 1-5)
tudent Eligibility			
Measures used	ITBS Grades 1-5	SRA - STEA(grades 1-5 all schools)	(same as in 1976-77)
Grades tested	Grades 1-5	Grades 1-5	grades 1-5
Formula	Below the 50th percentile in language arts and reading	below 50th percentile in language arts and reading	below the 50th percenti in language arts and rea
Cut-Off	49th percentile	49th percentile	49th percentile
tudent Placement(if different from above)	In addition to ITBS scores:	five variable criteria:Reading Scores	
Measures used	IRA's and Teacher Recommendation	language art scores, Capacity Achievement Gap,	(same as
Formula	students served on priority basis	Objectively measured instructional reading level,	1976-77)
Cut-off	no formal cut-off;combination of test score and IRA's and Teacher recomindations	teacher recommendation Cut-offs established at each school by student need priority	(same as in 1976-77)
umber of Public elementary students	185	1,721	1,735
Number of students eligible	102	903	806
Number of students served	75	345	345
ar-pupil expenditures(Title I only)	$443.24	$635.09	$551.18

REGARDING RACINE, WISCONSIN SCHOOL DISTRICT

1. Since the school district contends that it has been able to serve 600 more students and still maintain the same quality in its program with a lower per pupil expenditure, how was it able to accomplish this?

Ms. Sandra Hart, Coordinator of the NIE project in Racine, responds:

"Racine's Title I program in 1975-76 consisted of four phases:
(1) Hilltop Preschool
(2) KFU (Kindergarten Follow Upward)
(3) Rdg./Lang. Model 1-6, 7-9
(4) Taylor Children's Home

The major source of saving money was in the reorganization of Phase I - Hilltop Preschool. Whereas, in 1975-76, it was a home intervention program; in 1977-78, it's a Parent-Child Oriented Classroom (P-COC) Program. Please, note the savings in salaries as noted by the figures for 1976-77 and 1977-78.

1976-77	1977-78
Hilltop Preschool Staff	Hilltop Preschool Staff
1 Coordinator	1 Coordinator
7 Teachers	2 Teachers
21 Aides	4 Aides
1 Secretary	1 Secretary
250 Students served	200 Students served
1975-76 Total Budget for Hilltop: $248,000	Total Hilltop Budget for 1977-78: $134,730

So the per pupil expenditure went from close to $1,000 PPE in 1976-77 to $674.00 PPE in 1977-78.

"In 1975-76, Phase II (K.F.U.) also was a separate phase from the Rdg./Lang. Model. In 1977-78, K.F.U. was put under the umbrella of the Rdg/Lang Model (1-6) and Jr. High Rdg/Lang was funded by Title VII. Hence, this reorganization again saved money. Note Chart below.

1975-76	1977-78
K.F.U.	No K.F.U.
1/2 Coord.	This money, $149,149 could be used in Rdg/Lang Model now K-6
7 teachers	
13 aides	
Total KFU Budget: $149,149	

"Also, in the second implementation year, because of the extensive and intensive staff inservice in 1975-76 and 1976-77; teachers and aides were able to handle more children. And, because Rdg/Lang teachers now have mostly only one building to cover, they are able to maintain the number of minutes in program for individual children. And, because of the savings of: (1) about $120,000 in the preschool phase; (2) about $149,000 in the KPU phase; (3) $72,000 in the jr. high Rdg/Lang phase, we were able to add more staff (teachers and aides) to the K-6 Rdg/Lang phase to add 600 more children to Title I in 1977-78."

2. Why did the school district increase the number of public schools served from 13 to 30 but decrease the number of private schools served from 6 to 2?

Ms. Hart responds:

"Racine's Title I program extended the offer for all private schools to participate in the program by: (1) a letter addressed to principals of all private schools; and (2) a meeting of all private school principals with Racine Public School District Title I and Administrative Personnel. (Please, see attached copy of aforementioned letter.)

"However, due to a State Constitutional interpretation by our State Attorney General, Title I in 1977-78 was not able to go into the private schools with the program as it had in 1975-76. Hence, it was a state problem that reflected this decrease in private school participation and not a result of the N.I.E. Demonstration Study."

Title I, E.S.E.A.
Racine Unified School District
April 15, 1977

TO: Non-Public School Principals

FROM: Roger M. Jones, Director of Title I

RE: Title I Services to Non-Public Schools for School Year 1977-78

Most or all of you are familiar with Superintendent Barbara Thompson's letter to Monsignor Schommer dated 6 December 1976. In that letter she reviewed that the Department of Public Instruction will continue to abide by the Attorney-General's opinion prohibiting Title I services on the premises of parochial schools. She also reviewed DPI's instructions to local school districts to provide Title I services for eligible parochial pupils in public schools under a dual enrollment arrangement including the provision of transportation or supervised walking depending upon the distance involved.

Title I in Racine Unified School District will continue one more year (1977-78) under the National Institute of Education Planning Grant, which identifies our entire District as the Title I target area. This means that all parochial schools in the District are in the target area as well. Parochial schools with educationally disadvantaged children who qualify for Title I services are eligible to take part in Title I programs for those students.

We have completed a Needs Assessment in which public and non-public schools participated. The data shows our greatest educational need is in the area of reading, particularly reading comprehension. Based upon this information and the positive evaluation feedback of the Title I Reading/Language Model over the past two years, we are continuing this program. It involves kindergarten through sixth grade as follows:

Objective:

Children will gain 1.5 times their normal expected growth in reading and language.

Description:

1. Pupils will receive reading and language instruction prescribed by the resource teacher. The prescribed instruction will be based upon pre-post test information and pupil grade level.

2. Pupils will be instructed 3 or more times each week in time blocks of 45 or 30 minutes, except for tutoring sessions where the time may be less than 30 minutes. Instructional groups will range from 1 to 5 pupils. Teaching will be done by instructional aides and/or the resource teacher.

3. Cross-age tutoring will be another teaching technique. On these occasions intermediate children will work with primary children on a one-to-one basis with adult supervision.

4. Program curriculum includes reading comprehension, vocabulary study, word attack skills, knowledge of the alphabet, rate of reading, spelling, punctuation, capitalization, usage; auditory, visual, perception and motor skills.

5. Reading resource teachers will provide helps to classroom teachers for use with Title I pupils.

6. Parents of children in the program will be involved as follows:

   a. An important part of the monthly PAC meetings at the local schools will be parent inservice in reading and language. The purpose will be to help parents become partners with the school in helping their children become better readers.

   b. An open invitation for parents to visit the Title I reading center at their school as often and whenever they can.

   c. Resource teachers will meet parents at Parent-Teacher conference time and at other school meetings.

   d. A Parent Handbook giving a detailed description of the program will be provided for each parent in the program.

7. Allocation of resource teachers and aides will be according to the number of Title I eligible children a school has.

8. Because we are operating our Reading/Language program with fewer funds, and therefore fewer personnel, the following adjustments will be made to insure the continuation of quality services to our Title I children:

   a. Instructional aides will be responsible for 25 pupils each, and resource teachers will be responsible for diagnosing and prescribing for all students in the program plus teaching some of them.

   b. We will be responsible for target children only. Target children are those in greatest need and full participants in the program.

Evaluation:

Pre-post measures using the Woodcock Reading Test, Wisconsin Design for Reading Test, Michigan Rate of Reading Test, and locally designed tests for diagnostic and evaluation purposes.

Inservice:

Staff will be trained to carry out prescribed instructional activities at pre and inservice sessions and planning times on a regularly scheduled basis.

Following is the plan to arrange equitable Title I services for eligible parochial students in compliance with the Attorney-General's ruling:

1. Each parochial elementary school with eligible pupils will be able to receive Title I services described above at the closest elementary public school to them.

2. The numbers of public and parochial eligible students in the program will be determined on a percentage basis. The public elementary schools will be allocated Title I staff according to the number of eligible children in the school. This staffing will range from a half-time teacher and one aide to a full time teacher and three aides. The pupil load is 25 pupils per aide. A school with two aides will have 50 openings for Title I children, and the total number of eligible pupils the public and private school has will be used as a determiner of how many of the 50 slots are allocated to each.

   Example:

   Public school has 150 eligible pupils.
   Parochial school has 50 eligible pupils. } Total 200

   150 is 75% of 200, so the public school receives 75% of the 50 slots or 38.

   50 is 25% of 200, so the parochial school receives 25% of the 50 slots or 13.

   In selecting the 38 and 13 to be in the program, the schools must pick the pupils with the greatest educational disadvantagement.

3. Public and parochial pupils will be instructed together in group situations. The exception would be whenever tutoring is necessary.

We welcome you to participate in Title I for 1977-78. We stand ready to plan with you for transportation or adult walking supervision for eligible children where necessary. Our planning will be within the perameters of the daily schedules of the parochial and public schools to do what is mutually best for both. Wherever bus transportation is needed, we will need to include their scheduling possibilities in our deliberations. Attached to this memo is a chart indicating the nearest public elementary school to each parochial school, and if walking or busing is necessary. Title I will furnish the busing and adult walking supervisor.

Please fill out the attached form indicating your decision concerning participation in Title I for 1977-78. Please return it to my office by May 13, 1977. If you have any questions regarding this please call (637-9511, extension 234).

ra
att.

REGARDING SANTA FE, NEW MEXICO SCHOOL DISTRICT

1. Why was teacher referral reintroduced as a method for choosing Title I children in the second year of the waiver?

   a. In 1975-76, Santa Fe relied primarily on teacher referral and informal testing to determine eligibility and selection of Title I children.

      In 1976-77, the district attempted to standardize student selection by using a two-stage testing procedure. In the Spring of 1976, all children in grades 1-6 were given a test developed by Westinghouse Learning Corporation (WLC). This test was used to determine the number of eligibles. Those students defined as eligible on the WLC were then re-tested in the Fall of 1976, at the beginning of the school year, with the Metropolitan Achievement Test (MAT). This test was to be used to determine which children would actually receive programs. Unfortunately, the test results were returned from the publisher so late that some students had to be placed in programs based on the WLC and on teacher referral. In an effort to avoid that problem, teacher referral was reintroduced as a formal criterion, along with standardized tests, in 1977-78.

   b. Also, Richard Ortiz, Coordinator of the NIE project in Santa Fe, has this to say about the reintroduction of teacher referral:

      "Teacher referrals were and are used primarily for first grade students. Teacher referrals are also used when new students enroll in school, or when children miss group testing.

      "A teacher rating system based on a stanine scale was incorporated with the other criteria for 1977-78 for the purpose of statistically comparing teacher ratings with achievement test results. Should teacher ratings and achievement test results correlate highly, it is possible that teacher ratings could safely be used to identify students eligible in the future.

      "This procedure would save the district considerable money used for testing and would allow regular classroom teachers to be actively involved in the initial screening procedure. There is considerable reading research which indicates that teacher judgement is as reliable as achievement test results for the identification of problem readers."

   c. Thus, the district may go full circle -- from teacher referral to full testing, back to teacher referral.

2. Why did the school district increase the number of children served from 763 in 1975-76 to 1,250 in 1977-78?

Mr. Ortiz responds:

"The increase in the number of children from 763 in 1975-76 to 1,250 in 1977-78 came about as follows:

a. In 1975-76 there were eleven (11) public elementary schools that were eligible for Title I participation. Within these eleven schools 763 students were served. With waivers granted for 1976-77 and 1977-78 five (5) additional elementary schools became eligible for participation. The following table shows the increase in the number of participants:

YEAR	NUMBER OF PUBLIC ELIGIBLE SCHOOLS	NUMBER SERVED 11 "OLD" SCHOOLS	 5 "NEW" SCHOOLS
1975-76	11	763	0
1976-77	16	957	271
1977-78	16	967	283

b. The increase in the number of children served during the three year span can be attributed to:

   1. Identification of larger numbers of children by way of the sweep testing that was conducted during the demonstration.

   2. The addition of five 'new' Title I schools under the educational deprevation criteria.

   3. Serving more children at the 'old' Title I schools.

   4. The SEA's interpretation of the concentration of effort provisions of the Title I regulations limits the number of children who can be served. The SEA's position has been that the maximum number of participants to be served is determined by dividing the district's Title I allocation by 1/2 of the district per pupil expenditure. During the demonstration project this provision was waived and the district was allowed to serve whatever number of students that seemed reasonable.

   5. Carryover money from 75-76 was used to hire additional staff for 76-77 thus allowing the district to serve more students."

3. It seems that the per pupil expenditure declined over the years of the demonstration. Is there any difference in the type of services being provided now as compared to before, and is there any objective data showing comparative achievement data for Title I children from before and after the waiver?

Mr. Ortiz states:

"The type of service that was provided before and during the demonstration project is basically the same. Comparative achievement data could be gathered on a sample basis but has not been to this date."

REGARDING WINSTON-SALEM SCHOOL DISTRICT

1. Why did the school district more than double its number of eligible students and its number of served students during the waiver period?

Mr. Robert Severs, Director of Federal Programs for Winston-Salem/ Forsyth, responds:

"It is true that the number of eligible students in the elementary and intermediate schools have more than doubled during the first year of the waiver--from 2,648 in school year 1975-76 to 6,912 in school year 1976-77. This dramatic increase is attributable to a comparable increase in the number of eligible schools--from 13 in school year 1975-76 to 24 in school year 1976-77. School officials were able to qualify more schools through the use of achievement scores from the Metropolitan Achievement Test than through the use of poverty measures.

"The nature of the school system's pupil assignment plan influenced the manner in which schools were ranked before the waivers. In reality, attendance areas--not schools--were ranked; and a split attendance area was not adjudged eligible in cases where only one part of the attendance area was eligible. For example, Brown attendance area was not declared eligible because only half the area was eligible. Conversely, North attendance area was declared eligible because both parts of the area were eligible--the part paired with Bolton and the part paired with Sedge Garden. This ranking procedure explains why North became a Title I school and Brown did not. It may also help explain why school officials were able to qualify significantly more schools when the waivers were granted."

2. Although it almost doubled its number of served students, its per pupil expenditure remained approximately the same. Why was there not any decline?

Mr. Severs explains:

"Although the school system substantially increased the number of students served during the first implementation year, the per pupil expenditure remained approximately the same because of the availability of carry-over funds from the previous year. Carry-over funds are also available during the current year, thereby enabling the school system to maintain the per pupil expenditure at last year's level."

REGARDING THE YONKERS, NEW YORK SCHOOL DISTRICT

1. Since Yonkers has schools served by city, State compensatory, and Title I funds, has it experienced any problems in trying to have a coordinated program with all of this funding? Does the school district have any suggestions to make for achieving a better coordination of these funds within the school district or the school building?

Ms. Joan Chertok, Director of Grants for Yonkers Public Schools, responds:

"The Yonkers School District has been able to coordinate the use of city, state compensatory and Title I funds very effectively as a result of the waiver permitting us to service all children in a targeted school. Without the waiver there is difficulty in coordinating, since the services must go to selected students and it becomes practically impossible to program effectively supplementary services for these students and not fragment their overall program.

"The whole issue of supplanting and supplementing is involved in the second part of the question. Where state compensatory funds are provided and Title I funds exist, consideration must be given so that we do not oversaturate one student with services and exclude others. If the school has more than fifty percent of its students eighteen months or more below grade level, the entire student body should be served by the funds extending them throughout the school and not on top of one another for selected students.

"It was for this specific reason that we asked to target schools on the basis of economic disadvantagement and then be permitted to serve all students in accordance with their needs."

2. Why did the school district only increase its number of served schools by one after it received its waiver?

   Yonkers never intended to increase the number of schools served. During the planning year, 1975-76, it became clear that, due to financial crises, Yonkers would have to close some schools. Thus, NIE applied for target area selection waivers for the district, in the eventuality that school closings would be so disruptive to school eligibility that the district might prefer a new method of allocation to protect program continuity. In fact, the disruption to ongoing programs was minimal, and the waiver was never used. Yonkers continues to determine school eligibility based on poverty measures. In 1976-77, ten schools were eligible and nine served; in 1977-78 all ten eligible schools are being served.

3. Even though the served schools only increased by one, the number of served pupils increased very substantially. How did this come about?

   a. Yonkers received waivers of the regulations governing concentration, prohibition of general aid, and the definition of educationally deprived children. These waivers permit Yonkers to serve all children, not just low-achieving children, in four selected Title I schools ("demonstration schools").

   b. As Ms. Chertok states:

      "Our waiver permitted us to serve all students in a Demonstration school. We worked with classroom teachers in conjunction with reading and mathematics specialists so that the classroom teachers changed their techniques. This enabled a diagnostic prescriptive approach for every child in the classroom and a program tailored to his needs. In schools without the waiver the reading and mathematics specialists work only with the identified Title I students either in the lab, classroom or in groups. The absence of coordination between the classroom teacher, the specialist and the servicing of only Title I students reduces the effectiveness of the instruction and fragments program for students."

4. Since the per pupil expenditure declined by 50% between 1975-76 and 1977-78, was the quality of services provided the same?

   a. As noted above and as stated by Ms. Chertok in response to this question:

      "We believe the quality of service was improved since the entire program for the student was coordinated and not fragmented."

   b. In the September report describing changes in services in the demonstration districts, NIE noted the following pattern for Yonkers: (1) a gain in the amount of time spent in compensatory language arts instruction (from 30 minutes per day to 35 minutes per day); (2) a large loss in the proportion of that time spent in small groups; and (3) a large gain in the proportion of that time spent with instructional specialists. Thus, the research findings show mixed changes in the quality of services.

PART 19: TITLE I—FUNDS ALLOCATION, THE ESEA AMENDMENTS OF 1977

WEDNESDAY, NOVEMBER 2, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 8:30 a.m., in room 2175, Rayburn House Office Building, Hon. Ronald Mottl presiding.

Members present: Representatives Perkins, Simon, Mottl, Kildee, and Quie.

Staff present: John F. Jennings, majority counsel; Christopher Cross, minority senior education consultant; and Nancy L. Kober, staff assistant.

Mr. Mottl. The Subcommittee on Elementary, Secondary, and Vocational Education will now come to order.

We have a distinguished panel with us this morning, Dr. Owen Kiernan, Executive Director, National Association of Secondary School Principals; Mr. Jack Schmidt, Director of Field Services, National Assessment of Educational Progress; Dr. Eugene Paslov, Director of Compensatory Educational Services, Michigan State Department of Education, and Mr. Jack Zuckerman, President, Council of Supervisors and Administrators.

If you will all gather at the head table. I guess we have a pinch-hitter for Dr. Kiernan, Scott Thomson. Very well.

All of your testimonies will be submitted into the record without objection. If you would like to summarize, please do, or proceed, as you deem fit.

We will start with Mr. Scott Thomson.

STATEMENT OF SCOTT D. THOMSON, DEPUTY EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS; JACK SCHMIDT, DIRECTOR OF FIELD SERVICES, NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS; DR. EUGENE PASLOV, DIRECTOR, COMPENSATORY EDUCATIONAL SERVICES, MICHIGAN STATE DEPARTMENT OF EDUCATION, AND JACK ZUCKERMAN, PRESIDENT, COUNCIL OF SUPERVISORS AND ADMINISTRATORS, ACCOMPANIED BY DR. IRVING A. GLADSTONE, EXECUTIVE DIRECTOR

STATEMENT OF SCOTT D. THOMSON

Mr. THOMSON. Thank you.

[Prepared statement of Owen B. Kiernan, submitted by Mr. Thomson follows:]

STATEMENT

of

Dr. Owen B. Kiernan
Executive Director

NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS

Before

The Subcommittee on Elementary, Secondary and Vocational Education
of
The Committee on Education and Labor

U. S. House of Representatives

November 2, 1977

RE: The Elementary and Secondary Education Amendments Act of 1977 (H.R. 7571)

I would like to extend my appreciation for this opportunity to appear before this distinguished committee, and wish to commend each of you for your continuing efforts to insure quality education for all of our nation's children and youth.

Mr. Chairman, the NASSP represents 36,000 middle, junior, and senior high school administrators nationwide who in turn are responsible for administering education affecting nearly 20 million American youth. It goes without saying that all legislation affecting this major segment of our population is of great importance to us and the nation as a whole.

I wish to express our views concerning H.R. 7571, and I will preface my remarks by saying that the Title I section of the Elementary and Secondary Education Act has been a successful program. Many children and youth who would not have received needed educational assistance prior to 1965 are today being afforded additional services through Title I which will enable them to live more productive lives in years to come. However, a recent National Institute of Education study reveals that only 57 percent of those identified as in need of special services have actually received those services. This indicates that the *level* of funding remains inadequate. It may also indicate that the *method* of allocating those funds needs revision.

We believe it is time to consider carefully whether the emphasis of the Title I allocation formula should shift from its welfare-related poverty criterion to one primarily based on educational need. We suggest that such an evolution may be inevitable, not as a trade-off for the present poverty criterion, but rather as a transition to the *real* needs of American children and youth. We agree with the Committee that these needs are economic and environmental in many cases (i.e., low income, high unemployment, etc.); but these socio-economic problems are being appropriately addressed by many other federal programs. In our schools the proper objective should have an educational rather than an economic focus, and the basis of federal assistance in attaining this objective should therefore be based primarily on educational factors. If our nation's schools can be aided in confronting the *educational* needs of American youth, it seems likely that a significant upgrading of economic opportunity will follow. Certainly this has been the essence of the American experience as studies have documented repeatedly. In the educational community, as in other circumstances, it is wise to put the "horse before the cart." Of course, there are many issues that must be addressed before this transition can be implemented.

First, a definition of educational need will have to be refined. This means that testing mechanisms measuring achievement and aptitude will need revision. More sophisticated measures of achievement are being considered in at least 44 states through the incorporation of competency-based testing programs. A greater degree of harmony among many states' testing methods will need to be instituted. This can and should be accomplished with the technical and financial assistance of the federal government. However, it should be reemphasized that education is a state responsibility. Thus, states should be given the assistance necessary to develop within broad guidelines their own levels of minimal competency for grade promotion and later graduation. Any suggestion of a federal testing czar and/or a federal curriculum to resolve the problems of our school and collegiate systems is so wide of the target that it is unworthy of discussion before this distinguished Committee. We are encouraged that H.R. 7571 does seek to provide more autonomy to the states in the allocation of funds and services based on their more accurate versions of educational need. This transition to a more autonomous statewide distribution of Title I funds and services will need to be carefully designed but we believe it to be a step toward a more equitable distribution of educational services whose time has come.

Second, the funding levels of the Title I program must be increased. In a recent survey of secondary school principals an overwhelming 97 percent responded that educational and social conditions in their schools would be significently improved with increased financial assistance. We believe, as you do, that all American youth deserve a quality education second to none.

Further, high school students have been virtually overlooked in the existing Title I program (the 1977 NIE study states that less than one percent of high school students in Title I districts receive Title I services). We believe these students should be afforded the services from Title I that will provide them with the functional tools necessary to join and succeed in an increasingly competitive working world. Special educational services like Title I are not an educational innoculation that can simply be administered at an early age, and be expected to immunize a student from additional special educational needs. Thus we urge a greater inclusion of needy secondary school students into the Title I program.

Finally, some concern has been expressed that an achievement-based funding system for Title I programs will be a negative incentive to increase student proficiency (the higher the achievement scores, the less Title I funds available). We believe this fear should be laid to rest. Community pressure will provide the incentive for schools to achieve test score increases not to mention statewide normative monitoring of proficiency levels.

Mr. Chairman, I appreciate the opportunity to present our views regarding Title I this morning. I am confident that the collective wisdom of this distinguished Committee will yield a better and more equitable opportunity for America's number one resource -- our youth. I'll be glad to answer any questions you might have.

Thank you.

Mr. THOMSON. I am Deputy Executive Director for the National Association of Secondary School Principals. I appreciate this opportunity to make some remarks this morning, a few oral remarks.

Mr. MOTTL. Let me interrupt, Mr. Thomson.

Mr. Quie will be here very shortly. The testimony I guess is designed for his bill, so we will proceed, but he will be here at any moment.

Mr. THOMSON. Thank you.

The NASSP includes some 36,000 secondary school administrators representing responsibility for approximately 20 million American youth in junior high school and senior high.

I would like to make four oral points this morning. I would like to preface my remarks by stating that our association believes that despite its current deficiencies, Title I has benefited literally millions of children because we believe that teaching basic skills is the first step to equality of opportunity, and without the three Rs there is actually little opportunity for young people to become employed and to retain that employment.

Point 1 of the 4 points is that secondary school students have been generally overlooked in past Title I legislation. Fewer than 1 percent of the moneys have gone to secondary school students in those districts that were identified as Title I districts over the past five years. Yet we have information—I think some of this was presented yesterday, Mr. Chairman, which shows that that small amount of money that was spent at the secondary school level was as successful or in some instances more successful in raising the reading levels and math levels of students than money spent at the elementary school level.

So we have some evidence that it is useful to spend money with older students as well as younger students. The gains equal or exceed those of the elementary grade schools.

We would see that in the future there would be perhaps even a greater reason for redirecting some of those moneys to the secondary school level than simply that the achievement is good. With the one set of minimal competency testing and its implications that older students will be identified around 9th or 10th grade as having some deficiencies, it would seem to me that Title I money could be highly useful in producing remedial programs for those students so they would in fact reach the minimal competency level by the time they graduated and would then qualify for a diploma.

We do know from statistics gathered by the National Assessment of educational progress that approximately 14 percent of the 17-year-old students in this country are functionally illiterate. That is to say, they cannot comprehend the material in everyday life situations, such as reading a safety report, a medicine label, et cetera, et cetera. It seems to me it would be important that all graduates if possible be functionally literate by the time they receive their diploma. So point 1 is, we would hope some of these moneys would be redirected to the secondary schools.

A second point we would like to make is that we strongly believe that the basis for determining need—for determining the allocation of moneys would be educational need, not economic need. The proper focus of schools is education, in our opinion, not social welfare. When a school district or a group of students is selected on one criterion, income, and evaluated on another criterion, achievement, it seems clear to us there is some confusion in the mind of the public about what it is that the program is supposed to accomplish.

There is the much larger possibility of showing some gain in achievement with a low achievement student than a high achievement student Yet from the evidence you heard yesterday you know that significant numbers of high achievement students are now receiving Title I funds and significant numbers of low achieving students are not receiving Title I funds. So we would hope, as I say, that this fuzziness is cleared up and the inclusion of the public to mandate on one basis and to evaluate on another should be warned away and we should be clear what it is we are aiming to do; that is, that we want to improve the achievement of low-achieving students. If we want educational outcomes, then we should plan great educational criteria. We cannot grow better apples by watering peach trees.

Also, we feel there are too many social programs piggy-backing on schools today. We think also along these same lines a part of the confusion comes from the current Secretary of HEW persisting in seeing, an entire decade after the Great Society, seeing education more as a Jane Addams' Hull House than a Horace Mann schoolhouse.

We think this is one point where we can clarify the differences to the advantages of the students by selecting students on the basis of low achievement and working precisely with those students to improve their achievement. So we would urgently request, Mr. Chairman, that the selection be by educational criteria.

The third point I would like to make is that we do believe in greater autonomy for the States to identify the students and to allocate the funds. We certainly believe the States have those capabilities. We believe there is great advantage to decentralization of the program to the States and with proper auditing by the Federal Government.

Point 4, and the final point I would like to make, is that we believe that the identification and selection of students on the basis of achievement is no great problem. Again you have heard information and will hear again today to the effect that over 40 States have statewide testing programs. Every district of which we are aware has a local achievement testing program, many of them involving 5 or 6 grade levels of students. We think that the achievement testing, the testing of student achievement could be accomplished through the current programs or it could be accomplished through a national program as suggested by Mr. Quie, or it could be somehow phased into achievement criteria. It would require no great magic, no great new professional talent or whatever to identify the students, in our opinion.

So finally, I would like to express my appreciation for the opportunity to give these comments this morning and would urge that the legislation would ultimately reflect the determination to serve all low achievers, only approximately one-third of whom are being served today by the Title I programs.

Thank you.

Mr. MOTTL. Thank you very much, Mr. Thomson; we appreciate your fine testimony.

Next we will hear from Mr. Jack Schmidt.

STATEMENT OF JACK SCHMIDT

Mr. SCHMIDT. My name is Jack G. Schmidt and I am Director of the Field Services Department of the National Assessment of Educationl Progress. National Assessment is a project of the Education Commission of the States, conducted under contract with the National Center for Education Statistics.

The purpose of National Assessment is to obtain ongoing comprehensive data on educational attainments of young Americans. This is accomplished through national achievement surveys in ten major learning areas. For the past five years my responsibilities with National Assessment have been to carry out a program of assistance to States and other agencies that wish to utilize the Federal investment in National Assessment's materials and procedures to conduct educational assessments within their own States.

My purpose today is twofold, to share with you some highlights of States' assessment activities as they have emerged and developed over the past five years, and secondly, to point out some of the technical implications of H.R. 7571, Congressman Quie's bill to amend and extend the Elementary and Secondary Education Act.

With respect to that bill, my remarks will focus primarily on section 105 regarding distribution of Title I funds to local educational agencies. This section amends section 143(a)(2) of Title I to provide for distribution of Title I funds on the basis of "data indicating the extent of educational need of children in the school district of the local educational agency, derived from an equitable educational testing program established by the State educational agency which shall meet criteria established by the Commissioner solely with respect to the fairness and lack of bias of such a program." This basis of distribution would be optional for States in fiscal year 1980 and mandatory thereafter.

Much of what we have to say is based on the experience and interactions I have had in working with many State asssessment personnel and programs over the past several years and as such I wish to have them regarded as personal remarks which may or may not reflect the views of the Education Commission of the States or of National Assessment's funding agency, the National Center for Education Statistics.

Also if I may, I wish to stress that my remarks will be of an informational nature and are not intended to be either for or against the desirability or feasibility of test-based funding mechanisms. I assume other more qualified individuals and agencies will voice their views on these matters.

I have tried to organize my remarks around two questions:

What are States currently doing in the area of educational assessment and testing?

To what extent are States' present programs similar to the testing activities required by H.R. 7571?

Before I get into that directly, I would like to provide a little historical background as a perspective on testing to give an indication of where the States have come from, where they are now with regard to their particular programs.

Educational achievement testing at elementary and secondary levels is nothing new for States. Some States have long maintained testing programs in conjunction with State universities for the purpose of providing school counselors with testing services and with data on student rankings. Such programs flourished in the 1950s and 1960s.

At their peak, as many as 40 States had such testing service programs, with some States running several for different purposes, but at the close of the 1960s at least three new influences surfaced that questioned the purposes and usefulness of those testing programs. Some of these influences remain with us today and will continue to shape testing practices for the foreseeable future. For this reason it may be important to mention them, for they provide the context within which the distribution of Title I funds within States, as proposed in H.R. 7571, would need to be carried out.

The first of these influences that I will mention stemmed from a portion of the statutory requirements of ESEA Title III, which mandated that States develop comprehensive program plans which were to include a component for developing and conducting statewide educational needs assessments as a basis for giving grant awards to local agencies. This Federal requirement some years ago gave impetus for State education agencies and schools to develop capabilities in the use of test results for program planning, development, and priorities setting.

A second influence came from within the States themselves as a result of escalating costs for education and other concerns. State governors, legislators, State school board members, and other concerned citizens began to ask "What are we getting for these increased investments in education?" "What do youngsters actually know as a result of schooling?" Previous State testing programs, because they were voluntary and geared considerably to the needs of counselors, were hard-pressed to provide achievement findings that were descriptive of students within the State as a whole. As a result, State legislators and boards of education passed mandates creating new programs, called educational assessments programs, which could provide this information. As early as 1973, 15 States had passed such mandates and more are in effect today.

A third influence that greatly shaped the tone and tenor of current assessment practices was the National Assessment of Educational Progress. The first release of its findings in 1970 prompted considerable interest among State assessment personnel in the specific methods used and whether those methods could be applied in a State setting.

At that time, as Director of Educational Assessment Programs for the State of Wisconsin, I was among those who turned to National Assessment for information and guidance in how to carry out assessment legislation in effect in my home State. As a result of those early contacts with National Assessment, I, along with other State assessment specialists, gained first-hand exposure to innovations such as the use of scientific sampling procedures which permitted testing to be carried out more economically, to objectives-referenced testing methods which encouraged involvement of teachers, parents, and other non-testing specialists in the formulation of educational goals and test instruments and to a variety of other innovations which now are well-established practices in States.

The upshot of these and other influences was that those States faced with new requirements and uses for test information began to do some healthy rethinking about the needs, purposes and benefits of educational testing. Importantly, more in discussion than ever before was directed to questions of how can test results be related to State educational policies, how can they help to define and shape those educational policies?

Inasmuch as these deliberations were carried out as local dialogues between legislators, educators, and concerned citizens, on a State-by-State basis, perhaps it is not surprising that State programs were initiated to serve purposes rather distinct in each State, and as a result appear to have features, when looked at from as more global perspective, that are quite dissimilar from each other.

I would now like to provide a quick overview of what some of those features are that seem to be most relevant to the requirements of H.R. 7571.

First let me state, as has been stated earlier, that there are a good number of States that have active assessment programs, some 40 States consider themselves having these kinds of programs in effect. In any one particular year, between 25 and 35 States actively gather some form of achievement data. The remaining States are either in a process of promoting usage of previously-gathered information or in the process of developing new assessment instruments for application in future years, and there are some I believe 10 States which simply have no active testing program.

Another way to characterize the different States' approaches are those that distinguish between those States that collect information primarily for State level applications in contrast with those that collect information to feed back to local school districts.

About 27 or so States claim to test primarily for statewide informational needs. Of these 27, roughly 2/3 utilize some form of sampling procedure for the purpose of economy, in which a relatively few youngsters statewide are tested, and this can be as few as a thousand youngsters in these 17 or 18 programs, 1000 youngsters per grade.

In testing States, it is not now possible to provide district-by-district results because of the sampling procedures used. Of the remaining States, about 15 States have practices currently testing every or nearly every student at certain grades. In these States there are data that in fact could be used to provide district-by-district test results. However, among those States, not all of them choose to report their information in this fashion.

A third facet of these programs concerns which learning areas in fact are emphasized in current State testing programs. These clearly are mathematics, reading, and language arts. About 26 States actively assess mathematics, about 25 in reading, and some 14 States test in some aspects of language arts. But there are other areas that receive emphasis.

In some cases there are States that actively test in areas other than basic skills, which would include things like career development, health, science, social studies, music, ecology, consumerism, decisionmaking, knowledge of metrics.

The fourth consideration deals with the grades or ages at which youngsters are tested. This also varies from State to State although grades 4, 8, and 11 are tested most frequently. A typical pattern, if there is one, is to test at least once in an elementary grade and once in a secondary grade. However, testing of youngsters below grade 3 is extremely rare with only one State, I believe, California, routinely testing at grades 2 and 3.

Other features are that relatively few States now test youngsters who are not attending public schools and relatively few States attempt to test handicapped youngsters with these instruments that they apply to other youngsters on a statewide basis.

To give an indication of the size of these programs, we can look at their level of expenditures. This varies considerably. States with modest programs, and there is a fair number of these, and by modest I mean they might involve testing a State sample, perhaps one or two grades, perhaps one or two subject areas, currently spending about $100,000 annually.

At the other end of the scale, in the more populated States, expenditures run up to $1 million or slightly beyond per year. States use this information for a variety of purposes; often the use of the information is required as part of the mandates creating the program. But we can slot, if we take a look at typical uses, into several different categories. A common use is reporting back to the State legislature, State board of education, and the general public. Almost all States which have information of a statewide nature tend to use it for this purpose.

The second purpose is for comparison, to get a fix on the relative performance of youngsters within the State as compared to some external reference, either national norms, national standards, national comparative data or regional or some other more refined breakout. They use this information to attempt to identify statewide curriculum and/or instructional weaknesses in particular subject areas.

Almost all States would have the information to make these kinds of attempts. They use the information as a research data base to investigate certain research and/or policy relevant questions, by attempting to relate the test findings to some kind of school condition variable, such as class size, amount of instruction, level of expenditure and related areas. However, these findings are quite often inconclusive.

Finally, the question and perhaps most important is the extent to which States use this information currently to allocate State funds to schools, based partly on school district or individual school test results. To my knowledge, only Michigan, of which I understand you will hear more about later, has had extensive experience with these procedures of test base funding. I think perhaps one or two additional States have had some very limited experiences.

Now, what implications do these set of observations hold for implementation of the State allocation system proposed in H.R.

7571? It would seem first there would be some major modifications that would affect three or four areas.

One, it would require the development or adoption of test instruments in required subject areas, mathematics, reading and language arts.

No. 2, for some States it would require the shifting of target populations to encompass grade or age levels not now tested.

Three, it very likely would require the testing of additional numbers of students to assusre that present results or future results would be reliable at individual school district levels.

Let me elaborate just a bit on each of these points. Since about half the States now test in one or more of the proposed areas, this obviously would mean that many States would need to develop or acquire suitable test instruments for this purpose. This procedure would probably depend to some extent on the procedures adopted over the last five or six years for coming to agreement on these test instruments. States that have followed objectives-referenced or objectives-based approaches in which they have attempted to involve non-test specialist educators and others in the process, presumably there would be interest or pressures to continue this kind of approach.

In other States whose history was that the instruments selected were made entirely by State officials, this would likely continue and that selection process would be made to some degree from among the available commercial instruments. Presently the ages and/or grades at which States test do not seem entirely appropriate for the intentions of H.R. 7571. If one desires to estimate educational need through testing, it would seem there would be merit in using test data of youngsters who have not experienced extensive instruction.

There are practical testing limitations to this, but this probably means testing somewhere at the middle elementary grades as one possible point. Since a third of the States give tests at elementary levels, there would define a new target population for many States. Testing below grade 3 would probably cause considerable concern among teachers, parents, and test specialists regarding the meaning or value of that kind of information.

When one considers information presently available district by district, there is a very mixed picture. In theory those States that test all youngsters have the potential to summarize this information right now on a district-to-district basis. However, States that sample typically do not because they do not include all districts in the sample nor do they necessarily test sufficient numbers of students in sample districts to be able to provide reliable estimates.

It is my observation in smaller districts sampling procedures may not work well from a technical standpoint, in fact well enough to warrant their use. Under these circumstances, the testing of all students within the grade or age of interest would be necessary.

It would be my belief that careful technical analysis would need to be undertaken on a State-by-State basis to determine the extent to which sampling could be used, if at all, in particular State situations.

The need for other modifications surely would become apparent as discussions ensued among assessment personnel and others.

Certainly one would also expect the emergence of unforeseen problems and issues once implementation gets underway.

I would like to conclude by saying I appreciate this opportunity to share this information with you. If there are questions, I will be happy to try to respond to them.

Mr. QUIE. Thank you, Mr. Schmidt.

We will hear from the rest of the panel before.

Dr. Paslov, we will hear from you now.

STATEMENT OF DR. EUGENE PASLOV

Dr. PASLOV. Thank you very much.

My name is Eugene Paslov, director of Compensatory Education Services for the State Department of Education in Michigan.

My views as expressed in this testimony are personal and are meant to provide input and some insights into our own Michigan's test base funded program.

I would like to frame my remarks within four general areas for the subcommittee members.

First, I would like to talk just very briefly about some of the underlying assumptions for our test base funded program in Michigan.

I would like to talk very briefly about some of the needed safeguards as test base funded program will be considered in terms of being expanded to other States or expanded for its use in Michigan.

Third, I would like to talk about some of the specific strengths and some of the criticisms which have resulted in the test base funded program in Michigan.

And fourth, I would like to make a few comments and recommendations about H.R. 7571.

A couple of words about the assumptions underlying the Michigan test base funded program which is called Chapter 3. There are seven essential assumptions that were developed as this legislation was proposed back in 1970-71.

First, it was our belief and we assumed that all schools could make a difference in student achievement in the basic skills performance.

Second, we believe that all students could master academic and social competencies needed to perform well in our adult society.

Third, we assumed that State and local educational agencies could establish and agree upon reasonable educational goals and learning objectives which all children and youth could learn.

Fourth, we assumed that academic and social competency could be objectively measured.

Fifth, we believed that the measured difference between the objectives and actual student performance was a reasonable indicator of need.

And sixth, we believe that it was appropriate to attempt at the State level to reduce the number of students not performing at acceptable levels in the basic skills on these previously agreed upon goals and learning objectives.

Finally we believed very strongly it was appropriate to establish and fund educational programs at the State level for the purpose of reducing that need.

Based on these assumptions, in 1970 and 1971 we set about the task of developing a Chapter 3 program. Since that period, it has been in operation. It has undergone a number of changes, which I will talk about later.

What I have outlined in these brief assumptions are really that we believe that all children and youth can learn irrespective of the income of their parents, their race or their ethnicity, and furthermore, and perhaps most fundamentally, we believe that the financial inputs must be focused on objectives measures of educational needs and that the results of the additional dollars will systematically reduce those needs.

We have described, conceptualized, and implemented what we believe to be an educational program with the dollars up front, which will be used to reduce the educational deficiencies of youngsters in the basic skills. I don't want to exacerbate the debate between test-based funding and income-based funding. There will be opportunities to get into the specifics of that, I am sure. I think it is important, however, and I want to emphasize that my own view relates to the propositions that I stated at the beginning of the testimony, that I support educational programs for educational purposes that have educational, measurable educational outcomes.

I also believe and I am fundamentally opposed to any allocation system that would be designed either implicitly or explicitly to take funds away from the educationally disadvantaged among the poor and redistribute it to the educationally disadvantaged among the more affluent.

I emphasize the point because there is considerable concern in our State and I believe throughout the Nation among those who are currently receiving Title I funds that any change or especially a shift to a test based allocation formula will deprive many, especially the poor, of needed services.

I am particularly concerned about this for some very personal reasons. I can remember when I was teaching in 1963 and 1964 and 1965 in an inner-city school, prior to the advent of Title I, and remember particularly the kind of inner-city schools and some of the rural schools not too far from us, that probably could best be characterized as neglected, overcrowded, poorly supplied, inadequately maintained and staffed with inexperienced and worn out teachers, in many cases. I personally believe that Title I has done much to reverse that dismal picture.

Those who remember pre-1965, in terms of those inner-city and rural schools, are very apprehensive. I believe this subcommittee must be sensitive to those needs and must exercise great care in terms of the shifting formula to make sure that the poor are not discriminated against in terms of the need for providing services for the educationally disadvantaged.

Let me take a few minutes to talk about Michigan test based funded program. I said at the beginning it was initiated in 1971. It was originally conceptualized as something of a State performance contract in which money was allocated to school districts based on statewide assessment test. The district would receive funds in proportion to the degree of success that their students achieved on evaluation results. It was a type of performance contract. That particular mechanism was really never accepted by the school community and eventually the legislature took it out of the legislation. Nonetheless, the actual test based allocation, the test based allocation system remained intact and is still intact today and is used throughout the State with very litle criticism.

We currently have in our State education program $18 million, again allocated through our 4th and 7th grade assessment tests. There is a rather elaborate and complicated formula for doing that. I have included some of the description for that in my testimony.

I could also make available to committee members, if they wish, the legislation itself, as well as the rules and regulations which spell out in more detail how this is done. Suffice it to say, the 4th and 7th grade assessment test is used for allocating these funds to local school districts. There are 117 districts that receive funds. There are 112,000 students who are serviced by the Chapter 3 program and the program has—as a matter of fact, this year it was increased from $22½ million to the $28 million reflected in the testimony.

Mr. QUIE. Could I ask you as to those 117 school districts. Are all those Title I school districts?

Dr. PASLOV. They are, sir, all Title I school districts. There has been, perhaps not so much in Michigan, we have gone beyond the point of the criticism of the test base allocation that was used, nevetheless, I hear among my peers as I travel throughout the country, criticisms of the test based allocation system.

I would like to take a couple of minutes to talk about those. The ones we hear most frequently in the use of tests is that some claim that to allocate funds based on tests will really encourage districts to manipulate tests; that somehow there is going to be a widespread conspiracy among local school districts to manipulate the test situations to assure that the youngsters do not do well in the test and thereby receive more funds.

I must say emphatically that in our years of experience in Michigan, we have never found a single case of a district engaging in any kind of test manipulation for this purpose. More fundamentally, I suspect if that were to occur in States or in school districts, it would suggest to me a problem so severe and of such a fundamental ethical issue that funding is not the concern that we would want to be talking about.

Also in terms of test based funding, we frequently hear the question of rewarding failure or the flip side of that coin, penalizing success. Those issues really have to be dealt with in the context of the purpose of the schools, I believe.

Schools are in the business of teaching children. It is difficult for me to believe that any school would deliberately deny education to its children because it would get more money for their failures. Again our experience in Michigan does not substantiate this criticism. We have not seen any examples of that sort of business. The notion of penalizing success, that is reducing compensatory education funds when schools are successful, again relates in my view to the purpose of the school.

I believe the schools want their children to learn, that the children's success is worth more than dollars even though the loss of funds can be temporarily painful.

I must admit in all candor that Michigan school districts that have been successful and therefore reduce their Chapter 3 funds have also complained about that. But they have also pointed with considerable pride both to their citizens and to the State legislature about the success of their students. I think that that is worth a good deal too.

I would also like to raise a caution on this. I am very sensitive to this notion of penalizing success. We deal with it on an annual basis in Michigan and it is a sensitive issue. The Michigan experience has taught us that fund reductions for districts cannot be abrupt and total. You cannot have a school district receiving *X* number of dollars one year being successful and then completely eliminate those funds the next year. It is not good programming, it is not good social policy, educational policy, as far as I am concerned. It is very disruptive to the planning and implementation of educational programs and certainly disruptive to the children receiving the services. Some kind of phaseout needs to be conceptualized as part of the legislation.

Finally, there is frequently the issue of tests being culturally and racially biased and therefore should not be used for the allocation of funds. I personally don't know of any test that is culturally free and racially biased. My friends among the test experts tell me that that is virtually impossible to achieve. I do know that tests are and have been historically used by teachers, by districts, to make judgments about students and generally considered, properly used in the proper context, of useful and objective indicators of needs for all students. Therefore, I believe that certainly——

Mr. SIMON. Will you yield?

Dr. PASLOV. Yes.

Mr. SIMON. I am curious as to the number of students you may have in Michigan whose primary language is not English and what your experience in that area has been on testing.

Dr. PASLOV. I could not give that to you. I am going to have to estimate the total number. We have a mandatory bilingual education program in Michigan. The latest estimate that I have seen of youngsters who are bilingual and who are suffering some educational disadvantage, as a matter of language deficiency, is around 30,000. There are approximately 30,000 youngsters. I do not have the figures in front of me, but I recall 30,000.

The majority of those youngsters are Spanish-speaking youngsters, although there are some 25 or 30 other language groups that are included. There has been some experimentation with our assessment program of having the tests developed in Spanish, that is having a Spanish form of the test. That is currently under development. It is not widely used yet. I am not sure that it will be.

So we do not know exactly, in response to your questions, how bilingual youngsters suffering educational deficiencies as a result of language interference will fare on our assessment test. We do not know.

Mr. SIMON. Do you have the feeling that the test is a reasonably accurate measurement now among those who are Spanish-speaking?

Dr. PASLOV. Let me say a word or two about the Michigan assessment test because I think this is particularly important. The Michigan assessment test is an objective- referenced or criterion-referenced test as Mr. Schmidt was talking about a few minutes ago. It was developed by Michigan teachers, that is the objectives, the items that are used on the tests were developed by Michigan teachers, a very long process. It was field-tested, that is the items were field-tested in Michigan schools by Michigan teachers.

The actual objectives were commented on and reviewed by groups of parents, teachers, various members of minority groups, and the whole purpose of that was to get agreement, consensus, among a broad representation of the citizens in Michigan, all kinds of citizens in Michigan, that these would represent municipal performance expectations in reading and math for all youngsters, irrespective of the youngsters' racial or ethnic backgrounds, irrespective of the language problem; these are minimum performance objectives in English, in reading, and in math that would be expected of all youngsters. So the test is designed as a baseline, as a benchmark for minimum performance of all fourth and seventh grade levels, given to all fourth- and seventh-graders.

My view is, and I believe the view of most educators in Michigan is that all youngsters should be able to perform on those objectives as a minimum. That would include youngsters who speak languages other than English as a primary language.

Mr. QUIE. Dr. Paslov, to the extent that the tests are not culture-free and free of bias, would not those who had difficulty because of it actually benefit by its failure; that would be counted and they would receive the money?

Dr. PASLOV. That is the rewarding failure notion. The only response in my view to that is that public educators are more interested in teaching youngsters the basic skills than they are in receiving rewards, receiving money for their failures.

Mr. QUIE. You said you do not know of any culturally-free and racially-unbiased test. There is bound to be some bias. Many peple are fearful for their children, the minorities are fearful of tests because their students could not benefit from the programs that would move them on to the opportunities of higher levels in our society. However, in this case, it seems to me to the extent that they do not successfully pass the examinations or tests or whatever you have, because they are not totally unbiased, then that shifts money to them, and so they gain rather than lose.

Dr. PASLOV. Well, your formulation is correct, that would happen, but then the school—it would be incumbent upon the school to design a program for those youngters to see that they at some later point in time were no longer educationally disadvantaged.

Mr. QUIE. That is right.

Mr. SIMON. If my colleague would yield on that, do you have a total score cumulative? In other words, if you are Spanish-speaking—you can do the arithmetic all right but you may fall way down in the reading. Do you take the total score there to determine whether that school needs help or do you say these are the math scores, these are the reading scores, and so forth.

Dr. **Paslov**. They are separated, they are done individually, reading and math scores are done individually. They are aggregated, but you can look and see the scores in reading and see the scores in math to see which would be the greater deficiency.

Mr. **Simon**. In determining which schools get help, do you take the aggregate?

Dr. **Paslov**. We take the aggregate, they are added together. If I may——

Mr. **Quie**. Please proceed.

Dr. **Paslov**. I would like to comment on the advantages of the tests. I have talked about some of the criticisms. Those criticisms I believe have been expressed to this committee on other occasions and you are going to hear about them I am sure even more as the year goes on.

In my view there are some very powerful advantages to a test-based allocation system. I would like to outline them. First, it provides a direct measure of educational need and uses a common standard which can be applied equitably to all. I think that is important.

Second, it is a better indicator of educational deficiency than are income levels or welfare participation.

Third, it provides dollars and therefore services directly to students who have a demonstrated deficiency.

Fourth, it allows dollars to follow the child if the child is highly mobile or if he/she is moved as a result of desegregation. That issue has been spoken to by Dr. Porter not too long ago before this committee.

Fifth, it allows local and State education to target limited resources in areas that have greatest educational problems.

Sixth, this is a particularly useful, and I think powerful, benefit for the test-based allocation system; it provides accurate information which can be used by public policy-makers to chart the program results and to determine how well districts are doing over time in reducing educational deficiencies of their students. I believe this is particularly important.

I would like now to turn my comments to H.R. 7571 and simply say I believe the bill in many regards reflects the underlying assumptions that I outlined for you at the beginning of my testimony.

I do have a concern about a nationwide test for 7-year-olds and I would raise some questions about how that could be done, what objectives would be tested, how the objectives would be developed and validated, how the State samples would be stratified in a manner that would be equitable to all of the States and what definition of educational deficiencies would be considered real and serious.

The bill also talks about some other things that are very near and dear to our hearts in Michigan. That is, it provides the State with options for interstate Title I allocations, and I would only remind you that Dr. Porter, our Superintendent of Public Instruction, recommended to this subcommittee that States be given "the option to develop in cooperation with local districts a State plan that provides for the allocation of Title I funds to local districts based upon educational criteria."

I would also point out that Dr. Porter emphasized that any kind of State plan of this sort be developed in cooperation with local districts; that it not be a unilateral discussion with the State. I am also very supportive of the provision, and I think it is very important, that permits States to coordinate their Federal and State compensation education programs where this is appropriate.

You have heard testimony from Wilson Riles in California talking about the difficulties that they have in properly coordinating their State and Federal compensatory education programs. Although our difficulties are not quite as severe as the California problems, we nonetheless are confronted with the problem of supplanting some disincentives in terms of the way in which we have to operate our programs. We are sometimes confronted with duplication or extensive kinds of pull-out programs because local districts feel the need to set up separate administrative structures and separate educational programs rather than comprehensive and coordinated programs dealing with the same youngsters.

In conclusion, I have five recommendations:

One, I would like to recommend that the States be given the option to develop in cooperation with local districts a State plan that provides for the allocation of Title I funds to local districts based upon a common educational criteria.

My second recommendation is that local States be required to target their Title I funds based on educational criteria, serving the most severely educationally-disadvantaged first.

My third recommendation is that States be given incentives to coordinate their State and Federal compensatory education programs, including appropriate administrative and grant funds.

My fourth recommendation is that Title I allocation be increased to allow all educationally-disadvantaged children and youth, both at the elementary and secondary level, to be funded and that a hold-harmless provision be included each year for three successive years to protect any districts that might suffer losses as a result of a change in the allocation procedure.

Finally, my fifth recommendation is that the current method of allocation of Title I funds to the States be continued until such time as a more equitble method can be developed.

I would like to express my appreciation to the subcommittee for the opportunity to share my views with you today, and I would be delighted to answer any questions you may have.

Mr. QUIE. Thank you.

[Prepared statement of Dr. Paslov follows:]

Dr. Eugene T. Paslov
Director of Compensatory Education
Michigan Department of Education

Testimony on ESEA Title I
Before the House Subcommittee on Elementary,
Secondary and Vocational Education

November 2, 1977

Chairman Perkins and Members of the Subcommittee:

As Director of the Compensatory Education Services for the Michigan State Department of Education, I am most appreciative of your invitation to be here today. I am also pleased to have the opportunity to comment on H.R. 7571 as well as to share my views on Michigan's experience with its "Test Based Funded State Compensatory Education Program."

Before I begin my specific comments regarding Michigan's State Compensatory Education Program and H.R. 7571, I would like to outline for you seven propositions to which we in Michigan subscribe and around which we developed our State Compensatory Education Program:

1st -- that schools can make a difference in student performance

2nd -- that all students can master the academic and social competencies needed to perform well in our adult society

3rd -- that state and local educational agencies can establish and agree upon reasonable educational goals and learning objectives which all children and youth can learn

4th -- that academic and social competencies can be objectively measured

5th -- that the measured difference between objectives and actual student performance is a reasonable indicator of "need"

6th -- that it is appropriate to reduce the number of students not performing at an acceptable level on the previously agreed upon educational goals and learning objectives

and finally,

7th -- that it is appropriate to establish and fund educational programs for the purpose of reducing the "need"

What I have outlined for you, albeit in an abbreviated form, is a set of educational propositions which assumes that all children and youth can learn irrespective of the income of the parents, their race, or their ethnicity; it assumes that financial inputs will be focused on objective measures of educational needs and that the results of additional dollars will systematically reduce that need.

I believe future Title I legislation must be modeled on these educational propositions.

Although I do not want to exacerbate the debate between those who advocate income based funding for compensatory education programs and those who support the test based allocation system, I believe this subcommittee must decide whether Title I is to be primarily an educational program or whether it is to serve a larger purpose of a social reform program. Both purposes are worthy, but to attempt both in a single piece of legislation is to serve neither purpose well.

My own view relates to the propositions stated at the beginning of this testimony. I support educational programs for educational purposes that have measurable educational outcomes.

I would also add that I am fundamentally opposed to any allocation system that takes money away from the educationally disadvantaged among the poor and redistributes it to the educationally disadvantaged among more affluent clients of the schools.

I emphasize this point because there is concern among those who are currently being served by Title I that a test based allocation formula will deprive many, especially the poor, of needed services.

It is not difficult to remember inner city schools and depressed rural schools populated primarily by the poor prior to 1965. These schools could best be characterized as neglected, overcrowded, poorly supplied, inadequately maintained and staffed with inexperienced or worn out teachers.

Title I has done much to reverse this dismal picture: concentrating funds on target schools, requiring parent involvement, mandating comparability, and requiring evaluation. Those who remember pre 1965 and who have been receiving the services of Title I are apprehensive that a new allocation formula may impede the progress that has been made.

I believe the Committee members must be sensitive to this concern and must assure continued assistance to those who have the most serious educational deficiencies.

I firmly believe that the next generation of Title I legislation must be developed and appropriated at a level to serve those currently being funded under Title I as well as to strengthen the educational services to all educationally disadvantaged children and youth in both elementary and secondary schools. As you know, currently less than half of those eligible under Title I are receiving services.

Michigan's State Compensatory Education Program

We in Michigan have had a State Compensatory Education program since 1971 that allocates state dollars based upon test scores. The six-year old program is called Chapter 3 and is one of the few programs in the country that has a test based allocation system.

I believe our experience can be instructional as members of this committee consider H.R. 7571 and that our Chapter 3 program can serve as a model as you consider Title I reauthorization.

Michigan's Chapter 3 program has experienced a number of legislative changes over the years but continues to use tests as the method of allocation. Simply described, the system of allocation is as follows:

(1) Michigan has a 4th and 7th grade assessment test that is given to every 4th and 7th grade student in the state. This is an objective referenced assessment test and is used as a needs indicator.

(2) The percent and number of low achievers in the district are determined using the assessment test results.

(3) The number of pupils demonstrating mastery of 20% or fewer of the math and/or reading objectives is determined. These are low achievers for purposes of the eligibility formula.

(4) The percent of low achievers on the 4th grade test and the percent on the 7th grade test are averaged for each district. The average is the percent of low achievers in the district.

(5) Districts having 15% or more of their pupils identified as low achievers are eligible for Chapter 3 funds.

(6) To determine the number of eligibles, one multiplies the average percent figure times the official K-6 enrollment figure of the prior year.

(7) To determine the amount of the allocation, multiply $250 (the amount available per student) times the number of eligibles.

All the school districts in the state are listed in rank order by percentage of low achievers on the Assessment tests and state funds are allocated, based upon the number of eligible students, until the total appropriation ($28 million) is exhausted.

During this school year 112,000 students will be served. There are 117 school districts receiving Chapter 3 funds. This represents approximately 20% of all the school districts in Michigan.

The Michigan program is not without its critics. Our early attempts at creating a performance pact with dollar payoffs for specific basic skills achievement were not accepted by the school community and were ultimately rejected by the State Legislature.

The above criticism notwithstanding, the use of tests for allocating the funds was, in itself, never seriously attacked. It was generally agreed that the Michigan Assessment Test was reliable and valid from a technical point of view and that the Assessment Test was an excellent indicator of educational need which could be used to allocate resources.

The advantages of a test based allocation system are considerable:

(1) It provides a direct measure of educational need and uses a common standard which can be applied equitably to all.

(2) It is a better indicator of educational deficiency than are income levels or welfare participation.

(3) It provides dollars and therefore services directly to students who have a demonstrated deficiency.

(4) It allows dollars to follow the child if the child is highly mobile or if he/she is moved as a result of desegregation.

(5) It allows local and state education agencies to target limited resources in areas that have the greatest educational problems.

(6) It is timely and accurate information that can be used by public policy makers to chart the program results--in fact--to determine how well local districts are doing over time in reducing the educational deficiency of their students.

There are also criticism of a test based allocation system. These include the possibility that tests can be manipulated, that such a system is rewarding failure or penalizing success and that the tests are culturally and racially biased.

Let's take a look at these criticisms. Some claim if tests are used to allocate funds, school distict officials will attempt to manipulate scores and thereby receive more money. In the six years of our Chapter 3 program we have never encountered a case of district-wide test manipulation. More fundamentally, if school districts were to attempt test manipulation, it would indicate to me a far more serious problem with our schools than could be resolved with money.

The issues of rewarding failure and/or penalizing success are also frequently raised in a test based allocation system. These issues, in fact, must be dealt with in the context of the purpose of schools. Schools are in the business of teaching children. It's difficult for me to believe that any school would deliberately deny education to its children because they would be getting more money for "their failures." Again, our experience in Michigan does not substantiate this criticism.

As for penalizing success--i.e., reducing compensatory education funds when they are successful--that again relates to the purpose of the schools. Schools want their children to learn; the children's success is worth more than money, even though the loss of funds can be temporarily painful. In all candor, I must admit Michigan school districts that have been successful and have therefore reduced their Chapter 3 funds, have complained, but they have also pointed with pride to the success of their students.

A caution needs to be added regarding reducing funds when districts have been successful. The Michigan experience has taught us that fund reductions cannot be abrupt and total. Good program management requires funding stability. Districts need to be assured of funding levels for at least a three year period. Major decreases or increases on an annual basis is very disruptive to programs and to the children receiving services.

Finally, the specter of tests being culturally and racially biased is advanced as a weakness of test based funding. I personally don't know of any culturally free and racially unbiased tests, but

I do know that tests are widely used now in making judgments about students and are generally considered, if used properly, to be useful and objective indicators of need for all students.

Each of these criticisms could be further expanded and powerful arguments advanced in their favor, but suffice it to say, in my view, the payoff for having an educational program which uses educational measures for both its allocation and its results more than offsets the problems.

H.R. 7571

Let me now turn my attention to H.R. 7571. I will restrict my specific remarks to the allocation provisions of H.R. 7571, even though many provisions of the Bill are quite intriguing and warrant a thorough discussion.

I am convinced H.R. 7571 embodies each of the principles I outlined in my opening remarks. It is a comprehensive educational bill which seeks to allocate funds based upon educational needs; it recognizes educational needs among the educationally disadvantaged, bilingual/bicultural and the gifted; and it contains provisions for states to exercise options in allocating Title I funds within the state.

I, however, do have a concern about developing nationwide a test for a sample of seven year olds. On the surface, it would appear to be a complicated task. For example: What objectives would be tested? How would these objectives be developed and validated? How would the state samples be stratified in a manner that would be equitable? And, what definition of educational deficiency would be considered "real and serious"?

Of equal importance is the concern that many states could suffer serious losses of Title I funds because they have few educationally disadvantaged seven year olds as a result of strong state and local financial support of public schools and extensive preprimary and kindergarten programs.

The H.R. 7571 concept of providing the State options for intrastate Title I allocations is one which we in Michigan strongly support. As committee members know, Dr. Porter, our Superintendent of Public Instruction, recently testified before this committee and emphatically recommended "....that States be given the option to develop in cooperation with local districts, a state plan that provides for the allocation of Title I funds to local districts based upon educational criteria."

It is important to note that Dr. Porter emphasized the State's plan be developed in cooperation with local districts. Determining appropriate definitions of educational disadvantagement and involving input from local school district officials would be a major undertaking, but one that in the long run would be beneficial to all the participants.

Finally, I am very supportive of the provision to permit states to coordinate their federal and state compensatory education programs where appropriate. It is frequently difficult for us at the Department of Education and for my colleagues at the local district level to coordinate properly these two efforts. Because of Title I supplanting provisions, the two programs are often forced into operating independently--each with its own director, specialist, teachers and paraprofessionals--even when both programs are serving the same children.

Although our Department has strongly advocated coordinated planning of Title I and Chapter 3 programs, there are still too many instances where those services are duplicative, or result in excessive pull-out efforts which isolate children from the mainstream of their peers.

I am also concerned that the teacher inservice training efforts which are supported by both Title I and Chapter 3 are not well coordinated and do not encourage the participation of all the professional and paraprofessional staff at the building level. The Department of Education is taking steps at the state level to modify Chapter 3 legislation and improve the coordination of professional development activities at the district level.

Congress, too, must encourage the cooperation of professional development activities in Title I legislation with State Compensatory Education Programs if we are to improve the educational results of compensatory education programs.

Conclusions

Based upon our experience in Michigan and predicated upon our belief that the Michigan Compensatory Education Program can serve as a model for Title I, I offer the following recommendations for your consideration:

My first recommendation is that States be given the option to develop in cooperation with local districts a State Plan that provides for the allocation of Title I funds to local districts based upon a common educational criteria.

My second recommendation is that local districts be required to target their Title I funds, based upon educational criteria, serving the most severely educationally disadvantaged first.

My third recommendation is that states be given incentives to coordinate their State and Federal compensatory education programs, including appropriate administrative and grant funds.

My fourth recommendation is that the Title I allocation be increased to serve all educationally disadvantaged children and youth and that a hold harmless provision be included each year for three years to protect districts that may suffer loss as a result of changing allocation procedures.

Finally, my fifth recommendation is that the current method of allocation of Title I funds to the states be continued until such time as a more equitable method can be developed.

Enactment of such legislation will do much to maximize the benefits to all the children who need services.

I would like to take this opportunity to thank the Chairman and members of this committee for inviting me here today. I am hopeful my comments about Michigan's Chapter 3 program and my observations about H.R. 7571 will be helpful to you as you move forward in reauthorizing and amending the Title I legislation.

Thank you.

Mr. **Quie**. Thank you.

Next, we will turn to Mr. Jack Zuckerman, President of the Council of Supervisors and Administrators.

Mr. Zuckerman.

STATEMENT OF JACK ZUCKERMAN, PRESIDENT, COUNCIL OF SUPERVISORS AND ADMINISTRATORS

Mr. **Zuckerman**. Mr. Chairman, members of the Subcommittee on Elementary, Secondary, and Vocational Education.

I am Jack Zuckerman, president of the Council of Supervisors and Administrators of the City of New York, Local 1, American Federation of School Administrators, AFL-CIO. I wish to express the thanks of our union for this opportunity to present our views at this hearing on H.R. 7571. Particularly are we grateful to Representative Albert H. Quie of the 1st District of Minnesota for his help in facilitating our participation.

Our 4,000 members are responsible for the administration and supervision of the more than 1,000,000 children in the public school system of New York City. As educators our primary concern is with the educational needs of children. We accept our professional responsibility to help educationally deprived children regardless of their economic, social, religious or racial background. This point of view, we believe, is comparable to the attitude of the physician in the treatment of his patient. H.R. 7571, by allocating funds on the basis of educational need is consistent with the viewpoint of supervisors and administrators responsible for the education of children.

This is not to say that as educators we are not sensitive to economic deprivation. A substantial portion of our time, energy and dedication is devoted to the administration of breakfast programs, lunch programs, welfare programs and special needs of poor children. It is a fact, moreover, that there is a significant correlation between economic need and educational need among children.

Our experience indicates that the existing Title I program does not always operate equitably for economically disadvantaged children as well as the children who do not fall into this category. At present, a prerequisite to providing help for a child is that he come from a poverty area. In New York City, however, poverty areas and non-poverty areas are not accurately delineated. Consequently, countless poor children cannot be included for remedial assistance. An obvious case is that of the child of a janitor in a non-poverty neighborhood. Just as obvious are the cases of children in need of remedial help whose parents have enough income to live outside poverty areas.

We are pleased with the bilingual provision of H.R. 7571 because there is a special need for such education in New York City with substantial ethnic groups in its population. Our experience in working with these children convinces us that their interests are served best by giving them the extra help needed to introduce them to the mainstream of education as quickly as possible. We are in accord with the provision of H.R. 7571 requiring that those with the greatest needs be given priority in service in a program where a variety of bilingual modals are developed; there is a multicultural teaching; and annual evaluations are included.

The help planned by H.R. 7571 for gifted and talented children has our enthusiastic endorsement. There is a dire need for an administrative unit within the Office of Education to administer programs and projects in their behalf and to coordinate all gifted and talented programs in the U.S. Office of Education. Additionally, the establishment or designation of a clearinghouse on the education of gifted and talented programs should be a boon to educators.

Unjustifiably, the most neglected of all exceptional children may be the gifted and talented on the fallacious theory that somehow they will make it on their own. This unfortunate neglect has become routine where communities are experiencing financial crises. How short-sighted this policy is when we consider that from these children, regardless of their economic status, should come the leaders of our democracy, the pillars of our civilization. Indeed, there is some question whether under *Brown* v. *Board of Education*, 374 U.S. 483 (1954) these children are being denied the right to equal educational opportunity. Certainly the help provided by H.R. 7571 for gifted and talented children meets a felt-need of educators and the communities.

Finally, we also endorse the specification in H.R. 7571 which provides that once the money is received at the state level it will be up to the state to devise an allocation system within the State. Our experience indicates that this administrative procedure will afford greater lattitude and flexibility to the State in meeting the educational needs of children.

In summary, the Council of Supervisors and Administrators of the City of New York, Local 1, American Federation of School Administrators, AFL-CIO, supports H.R. 7571:

1. Because it seeks to meet educational needs of children with promise of more equitable treatment for all children;
2. Because it provides bilingual education with the requirement that the children with the greatest needs be given priority in service;
3. Because it provides a program for helping gifted and talented children who are now woefully neglected; and
4. Because it provides for a system of allocation of funds within the State, affording greater lattitude and flexibility in meeting the educational needs of children.

Mr. QUIE. Thank you, Mr. Zuckerman.

I will yield to my colleague from Illinois, Paul Simon.

Mr. SIMON. If I may toss this question to all of you: To what extent are we talking about overlap when we talk about these two concepts? Are we talking about an 80-percent, 90-percent or 50-percent overlap? Are we talking about two theoretical approaches which don't really make any difference?

Mr. ZUCKERMAN. I think there is a tremendous overlap, particularly in New York City. We find there is a correlation between the economic area and the achievement of children located in schools in that area. Generally speaking, again I am speaking of New York City, within the city the more economic affluent areas do better in the standardized reading and math tests than do the children in deprived area.

In New York City there is a definite correlation.

Mr. SIMON. To what extent would you—and I realize you may not have precise figures—guess a shift, as has been suggested by my colleague from Minnesota, would result? To what extent are the same people going to be getting assistance?

Mr. ZUCKERMAN. As far as the city is concerned, I think in the main, there will be a positive correlation and most of the areas getting the impact funds would continue to get them.

Mr. THOMSON. Mr. Simon, may I speak to that question?

Mr. SIMON. Yes.

Mr. THOMSON. There was testimony given yesterday including a report called the Decima report which approximates about two-thirds of the lower achieving students are not receiving Title I funds and about one-third, 33 percent, are receiving Title I funds. There are a large number of children who should be receiving Title I funds and are not receiving them. I am referring to the Decima report.

Mr. QUIE. There are 31.7 percent underachievers who are poor, the rest are not; 43 percent of the poor are underachievers, the others are average achievers using the Decima study.

This report indicated of the students getting Title I, 52 percent are not underachievers. That gives you an idea of how far off the target we are at the present time.

Mr. SIMON. I would be interested to hear from the gentleman from Michigan as to what the practical impact might be in Michigan.

Would it go on by the figures just recited by my colleague from Minnesota or not?

Dr. PASLOV. It is difficult to say. There is, on the one hand, a positive correlation, as my colleague, Mr. Zuckerman, has pointed out, between low income and educational insufficiency. That has been substantiated over a number of years through studies.

I have not had an opportunity to review the Decima report. I have only seen the "Education Daily" review of that.

I suspect—this is speculative on my part—if we were to shift to a test-based allocation formula nation-wide for Title I, that, in fact, there would be quite a—making a certain assumption the assumption being that the allocation doesn't go up, there could be a major shift of funds. We do have examples where there are schools, school buildings that have fairly high concentration of disadvantaged children who are not eligible for Title I. In fact, I don't know what the extent of that would be. Apparently, there are some studies nation-wide that have looked into that, but I am speculating there would be a shift.

Mr. QUIE. If the gentleman will yield. Their representative from Detroit was before our committee a few days ago. It was interesting. In two schools within the same school district, both had about 32 percent poor under the formula, one had 50 percent underachievers in one school, 9 percent underachievers in the other. That gives you the disparity which exists in two target schools under Title I.

You could have 32 percent poor and 32 percent underachievers in the school and think they correlate perfectly but if you look at the children they may not. They may not be the same individuals in both cases. Very rarely have we seen a study giving us that kind of test information. The only one is the 13 Title I school districts in the country.

Mr. SIMON. I have no further questions.

Mr. QUIE. I have a number of questions that I would like to ask, but first, Dr. Paslov, the decision in the bill to do a nation-wide test on seven-year olds. This has always been a problem to me as to how we could do this in the most equitable way. We don't have a nation-wide system of testing now except what NAEP is doing. Because of the politics involved, they are not reported by State but by quadrants of the country. Because of that concern and fear, I selected seven-year olds because they vary so much from State to State when children start school. So I figured at least all the seven-year olds would be in school. It would be so early in their school experience that the school systems would not be held in judgment as to what had happened as it would when we test 17- or 18-year olds. That is the reason Dr. Wiley (CEMREL) said there are tests and students seven years of age can take the test. This would reflect what they have brought from the home. That is why I mentioned that yesterday. Dr. Wiley indicated we might go to six-year olds.

I have a problem, as you do, with that as well as the seven-year olds. So, I think your questions are valid.

Let me ask you, the words that you have in your third sentence where you say that the definition of educational deficiency would be considered "real and serious." Where did the real and serious come from?

Dr. PASLOV. As a matter of fact, they were quoted out of the Congressional Record; I believe from your introductory remarks.

Mr. QUIE. I was wondering if those were my introductory remarks. As I looked through the bill, I could'nt find them.

Dr. PASLOV. I thought I had put quotation marks around those words.

Mr. QUIE. You do put quotation marks around them; so, I thought it must have been something I said, someplace.

Each of you has presented your views. First, Mr. Thomson, is it your opinion by substantially increasing the level of funds in Title I applying them directly rather than indirectly, progress can be made in meeting the intense concern in providing every student with the minimum basic skills.

Mr. THOMSON. Yes. We believe at the secondary level, with the minimum competency of testing programs, that a special need exists for remedial work in functional literacy at the secondary level. There is substantial need which exists for remedial work for 13-, 14-, and 15-year old children and certainly an achievement criteria is what we are talking about there. Because interestingly enough, those communities involved in minimal testing have found students from all walks of life to be deficient in functional literacy.

Mr. QUIE. Is there anything else we ought to put in the legislation?

Mr. THOMSON. We believe there has to be some form of transition involved from strictly and completely an income based program to an achievement or testing based program. There should be some transition involved. Other than that, we don't see any problems. We don't have any difficulty with sampling techniques. One of the persons here today has indicated that may not be effective. If it is not, we are in trouble. We believe it is possible to sample and determine, if necessary, in those States which don't have more adequate programs, the school districts that need the assistance. We don't have any trouble with the testing program.

Mr. QUIE. One of the things which concerns me is that we increase the amount of money. There may be a tendency to just move to more students on the elementary school level who don't have as much of an educational disadvantage problem rather than moving to the traditional schools, or do you think once they are identified more accurately, this will be solved.

Mr. THOMSON. The double qualifiers, I think we will have to agree, the most needy, about 10 percent of the students would qualify in both achievement and income basis. If we are talking about moneys, it seems to me that would be the most important central target group. But beyond that, I would certainly hope there would be enough money to reach the entire target group of low-income students which would be about a 60-percent larger group than we are reaching now. We would hope to reach all those students who are one grade level below on achievement.

Mr. QUIE. It is my hope the first priority will be the most severely educationally disadvantaged.

Mr. THOMSON. I think a formula could be developed which could perhaps even allocate more money to the double qualifying students than those who have simply an educational deficiency.

Mr. QUIE. On the double qualifier, which I really don't specify, let me ask you, as to secondary schools—I would like to have the others of you respond as well—you talk about the correlation of low income and educationally disadvantagement. The information we have from schools is mostly on the elementary school level. There is a tendency to move to free lunches as the mechanism to find out who those poor children are. The other ones are not that direct. Even AFDC, which is better than census information, is still not complete.

It has come to my attention that in a secondary school, many students who are poor, don't use the free lunches. They shy away from it because they don't want to be designated as poor.

Mr. THOMSON. I was superintendent of Evanston Township from 1968 to 1974 and, believe me, it was a Ouija board operation. We can't get the information from the parents. We would repeatedly send home forms which were not returned. Our counsellor would have to sit down with the students to try to find out this information. The welfare offices in Illinois were not accurate in giving us information. We found cases of homes with double incomes, students on welfare. The total thing was inaccurate and I would hope if anything comes out of this legislation, that high schools are not required to base remedial programs for low achieving students on free lunches. The students are not accurately identified.

Mr. QUIE. May I ask Dr. Paslov to comment.

Dr. PASLOV. On the double qualifying, I would concur. The greatest areas of educational deficiency are among those both educationally deficient and poor, especially where there are high concentrations.

In our State, we do use free lunches. That has been used although I would certainly agree with my colleague, that as you move up into the secondary level, it becomes very difficult, if not impossible, to use that. We do have a fairly good working relationship with our department of social services for welfare and are able to get fairly good indications, at least at the elementary school level, of AFDC and other indicators of poverty.

I would agree, though, that any legislative notion building in free lunch, especially at the secondary level, would not be helpful. That would not be workable, as far as I can see.

Mr. QUIE. I would like to hear from Mr. Zuckerman, too, but before you answer, I want to give you some information that I think is fair to give you before you answer.

That is, if we used the School Lunch Act to distribute the money for low income instead of the factors we presently use, in Illinois there would be a decrease of 10 percent; Indiana, 22; Michigan, 21 percent; and New York would increase its funds by 57 percent. The others would lose.

I just thought you ought to know that before you answer.

Mr. ZUCKERMAN. Our experience is a little different than my colleagues. There are many factors in secondary schools which mitigate against students eating at schools. That is mainly because their programs are such they would be leaving school at that time. That age group is different from the elementary school students who attend classes from 8 to 3 and who would be in the building to avail themselves of the lunch. But as far as availability, they would be eligible based on the elementary and secondary records. We have breakfasts, also. The standards that are set, the family incomes that are set, are not necessarily updated as they might be. We feel this is one of the factors that should be included. Because basically, there should be sufficient funds for all children. In addition, we speak of remedial help, not only do we check the lunch application but those one or two years retired. One year is a serious defect, but we have those who are in a more serious position than that. A child living in an impact area would get help, but that impact area doesn't necessarily follow the same line as the district and the total population of the school is taken into consideration. We will have schools where practically everyone is participating in the lunch and breakfast program on all levels, to areas where very few are participating. There is a wide range. I would say the use of the school fund for lunches and breakfasts is basically throughout the city at this point. It is easier to count the areas where they are not being made use of.

Mr. QUIE. Mr. Thomson, you indicated a need for refinement and review in the programs. Do you think three years is a good working figure as a phase-in time?

Mr. THOMSON. Yes, sir.

Mr. QUIE. It has been told to us many times that local school administrators are afraid of a testing program because they are afraid of the public.

Mr. THOMSON. Some administrators are a little afraid to get involved with that kind of accountability, others say that's the way it should be. I can say there is a definite trend toward accepting more and more, that testing and the public reporting of testing is part of the school business. There is really nothing to be afraid of as long as the achievement of the students increases each year.

Mr. QUIE. Mr. Zuckerman, what is your reaction on that since you represent principals and administrators in New York City?

Mr. ZUCKERMAN. We are interested in the use of tests as a part of the evaluation. Our objection is to the misuse of the results of these tests. By misuse, I mean where it is published in the New York Times that my school is reading two years below the level, it should be according to a nation-wide standard. That's all that someone seeing those figures gets from the paper. The other factors, as mentioned here today, the economic factors, the background and variety of the children in the school are part of the total picture. Testing is an integral part of the system of education and that is one of the things we should look at when we look at a school. Mr. Simon mentioned math and reading, there is a perfect example of where there might be a discrepancy in the math and reading scores. When I "imported" a sister-in-law from Europe, I gave her a math test and she did pretty good in math except she didn't know what "of" meant. If I had used the symbol, she could have understood. If I had given her the English test, she would have been illiterate.

If we say a child tests at second-grade level, that would have been analyzed as to its component part. Tests are useful, but they have to be understood.

Mr. SIMON. If my colleague will yield.

I realize there is some validity in what you say when the New York Times or whatever publishes these results they don't have the full picture; however, I feel the very publication of those results is a healthy process.

How would you react to that?

Mr. ZUCKERMAN. I think it is a very negative process. We are interested in identifying each child. On an individual test basis, or analysis, it has merit value. We don't use the total score for anything.

Mr. SIMON. But when you have a total score in your school and it's two years below, or whatever it is, isn't there discussion with your faculty and with others on why this is; isn't there a forced reevaluation which takes place with that?

Mr. ZUCKERMAN. It is only forced to the extent that the public has the idea that the value of the school is based on the total score.

The individual parent is interested in the child's score. As a principal of a school, I am interested in the individual child's score as to whether that goes up as the years go by, whether the child does learn. The fact my school might be above grade in reading doesn't mean I can sit back and say, "Well, I am doing well;" knowing there are children below grade.

There is an isolation factor. In New York there's a story of a principal in a school in a very difficult and deprived area, where on these standardized test schools the children did poorly; but when he moved to another district—and this, incidentally, is a true story—his school came out No. 1 in reading the first year he was at the school.

Now, you and I know that he as an individual doesn't become a better principal by his movement and he certainly was not able to cause such a drastic change. But there are innumerable instances of this happening. This occurrence which occurred several years ago—and I can give you the name if you wish—is something that was publicized.

Mr. QUIE. That reminds me of the school superintendent who took credit for all the increased school enrollment.

Mr. Schmidt, in the States, what has been the reaction in the school districts?

Mr. SCHMIDT. Generally, quite positive because the steps in the national assessment approach are these: That their needs to be some careful delineation first of what it is to be tested. That should accurately reflect what it is the schools are attempting to teach; and, No. 2, what informed people think youngsters should be acquiring in school which will be of benefit in their subsequent careers; and, third, input from parents as to what it is they expect the schools to do for their youngsters.

That concept has been received quite well, as the procedure allows a lot of avenues of input. In fact, it encourages them. There are States where those procedures haven't been adopted and it is difficult to anticipate what the reaction would be in a particular circumstance to testing. There is a great deal of concern about testing. It would be difficult to anticipate what the reactions would be unless one knew how States intended to carry out the programs.

Mr. QUIE. How would you look at the ability of local school administrators and school districts in their sophistication of school tests? I am referring to the last 12 years since this Act has been in operation.

The capability of States to do this varies. States are quite individual and different in this matter. But it certainly has been demonstrated in quite a few places and I think that is a passive modal.

Another factor which would enter into this, if, in fact, we assume each State would go about evolving processes different from everybody else's, there would be a great deal of effort extended on this. However, I think it is important that States have the option to exert considerable influence as to the nature of the program to carry this out.

There is a possibility of some information-sharing mechanisms that might be proposed and some on-going opportunities for States to be able to share the experiences of others, to be able to develop alternative approaches and have them examined by persons from other States with the intent of over several States adopting those procedures which work best and gradually eliminating those procedures determined not to be so successful.

Mr. QUIE. Dr. Paslov, if you had the opportunity next year to go to the achievement allocation of Title I funds, how would you, in Michigan, use that? Would you use the Chapter 3 data to accomplish this?

Dr. PASLOV. Certainly. That would be a major component of what we would do. I suspect as a first step, we would have to look at the particular formula, or formulas that would have to be developed to allocate the funds. We would use the educational assessment in much the same way we used it for the Chapter 3 program. We would also want to look at very carefully the notion of the double qualifier, that is the poverty indices in conjunction with that.

We would also have to be, and I am giving more cautions probably than specific steps, but one of the cautions it would seem to me would be the notion of taking the limited funds and distributing them too thinly.

I think we would have to be careful and work out a procedure for targeting educational disadvantaged and working out a procedure with local school districts which would be reasonable for them to use. At the heart of that, we would use our assessment tests. We have good data from these tests. It is data our school districts have used, too, so I think we could work out a plan. It might take us a year or two to do so then.

Mr. QUIE. I gather you are targeting Chapter 3 money since you are approaching 20 percent, I take it.

Dr. PASLOV. Chapter 3 can be used for individual students. In some school buildings there may be as few as 12 or 15 students who are receiving Chapter 3 funds.

By and large, the funds are targeted, yes. As a matter of fact, they follow very closely the Title I targeting.

Mr. QUIE. Tell me, also, from your experience with Chapter 3. We have moved away from economic need to educational need. What impact would that have on the political support for Title I?

Dr. PASLOV. Again I would have to speculate and give you some guesses. Right now, Title I has very strong political support from the urban areas. It also has, I think, a fair amount of support because virtually every school district in the country receives some Title I funds.

In our State, we have 540 school districts and I think all but two or three of them are eligible for Title I.

My guess is, Mr. Quie, that if we change the allocation formula and that change shifted funds in our State from the urban areas to suburban areas or if it shifted funds from our rural areas away from the upper peninsula to suburban areas, we would have an insurmountable political impact. To the extent there would not be major shifts from those areas, I think we could focus and concentrate on educationally disadvantaged.

That is a personal assessment.

Mr. QUIE. What you are talking about is a shifting from one area to another. I can see now what you would run into there.

The thing I was concerned about is that currently there is a feeling by many people who at least say they represent low income and minority groups. They prefer having it on an economic need basis because they know how the program is working. My philosophy is if you distribute the money according to educational need, the individuals we have the greatest concern about, double handicapped, both educationally and poverty, will be selected. However, that 67 percent of the underachievers represents a greater political clout in the country. If they could see direct Federal money to help their students, they would be in here pushing for more appropriations than before. That's my concept, but you never know that until you put it into effect.

Dr. **Paslov**. Speculation. If you could guarantee that there were going to be—I know this can't be done—but if you could guarantee the appropriations would be increased to such an extent as to cover those populations, you would certainly gather the support. To the extent the appropriations stay the same or not at a sufficiently high level to serve those currently eligible and the funds are taken away, I think you are in trouble, we are in trouble.

Mr. **Quie**. I agree. It would be better to increase the money for it.

Mr. Zuckerman, an increasing number of school administrators and other professionals must now deal with the consequence of desegregation. Wouldn't it help them considerably if we used educationally disadvantaged rather than poverty. Wouldn't it be easier to follow a child?

Mr **Zuckerman**. One of the problems in New York has been the funding has not followed the child, under the law of 1939, we have 32 school districts even though the LEA is the central board of education. When the child moves from one district to another he still has the need. He may be now located in a school district which has no impact area so he gets no money at all. I agree, the money should follow the child. But if we increase the moneys to meet the needs of all the children, as you suggest, I agree you won't have any problem. But if you take away, then we do have a problem.

Mr. **Quie**. Mr. Zuckerman, you indicated support for the gifted and talented portion of the bill. It seems to me in the early 60's, a large number of the programs were for the gifted and talented. The number has fallen. What has happened? Don't the local administrators care as much, or the underachiever, the budget can't be stretched, or what has been the problem?

Mr. **Zuckerman**. I would say the budget has been the key. I would point out, as to the question on desegregation, Mark Twain in Brooklyn was set up as a magnet school but not only for gifted and talented. The concept of a magnet school, drawing children who have ability, is one that is increasing.

We do have in New York, even though they have been under attack, specialized schools, such as Styuvesant, Brooklyn Tech, which still cater to children with special talents.

But because of the budget cuts where special programs, after school activities, they have been cut to the bone because there is no budgetary allowance; not because we saw no need for it, but because when it comes down to a budgetary crunch, you have to have children given certain minimums, reading, writing and so on.

Chairman **Perkins**. Will the gentleman yield?

Mr. **Quie**. Yes, sir.

Chairman **Perkins**. The State law requires all schools to participate in an annual testing program mandated by the State of New York; is that correct?

Mr. **Zuckerman**. Yes, sir.

Chairman **Perkins**. There was a problem a few months ago when a test instrument was stolen before the test and was sold to some teachers. Did that take place?

Mr. **Zuckerman**. Shall we say that somehow some pupils apparently had access to the examination questions before they were supposed to be taking the test; yes, sir.

Chairman **Perkins**. You view this testing program as advocated by Mr. Quie as something that would be unsatisfactory if it was put into effect?

Mr. **Quie**. What was the word?

Chairman **Perkins**. "Unsatisfactory."

Mr. **Quie**. I don't think he used the prefix "un."

Chairman **Perkins**. Am I correct?

Mr. **Zuckerman**. If his program is to give a national test assessment to children, that is not unsatisfactory. We believe in testing and the evaluation. I believe because of the misuse of the results of the test and the misinterpretation by some parents as to what the tests mean that there has been this anxiety reflected among the supervisors and the parents as to the test, itself. It is the improper anxieties and improper uses of the test we object to.

Chairman **Perkins**. All right.

Mr. **Quie**. The thing that struck me in the testimony, this is my last qustion, Mr. Zuckerman, but in the testimony received in the past, the present regulations, poverty criteria was used to select the target schools but distribution of the funds can be made on the basis of educational achievement. Now, some schools do that and others don't. For instance, that man from Detroit was here and they asked him how they distributed the money. He said so much per poor child. Therefore, on that 32 percent, according to his testimony they are getting the same amount—the two schools were the same size, therefore, it would be the same amount of money to those who had 50 percent underachievers and those who had 9 percent underachievers. I understand some do it that way and others do it on educational underachievement. There has been the assertion here that local administrators don't want that kind of flexibility to make those choices themselves. They want to have somebody else tell them where it should go. Because you represent local administrators, I would like for you to respond.

Mr. **Zuckerman**. I represent local administrators in 32 districts under one LEA. The principals and administrators don't decide on the use of the moneys. We are given an allotment. Frankly, I would prefer that you give me a lump sum and let me allocate as to staff, supplies, etc.

It is not done that way. Administrators are given the allocation by the board. We do have mandatory testing. We can use NET tests, for example. We don't have that option. We would like to, but it is distributed to the districts based on the number of children in the impact area, retardation, etc. Within that district, the administrator has no voice as to how much his school gets. The district has to give it to those schools which, according to the test schools, qualify for the funds. Therefore, I worked in one district where every school was a Title I school. Then I moved to another district where half were and half were not. There were some districts where there are no Title I schools. It is given in such a broad scope you do have variations and you have children who should be benefitting from these funds but don't. But where the State and local education agencies are involved, they have to follow the government restrictions on the use of the funds. When those restrictions are not flexible enough, when it comes down to the individual school administrator, we take what is given and function within that.

As a principal, I have no flexibility in determining whether my school is a Title I school or not.

Mr. **Quie**. But I gather you would like it if the administrators were able to designate that.

Mr. **Zuckerman**. We have been sitting on the boards, but we don't have that voice.

Mr. **Quie**. Do you want to respond, Dr. Paslov?

Dr. **Paslov**. I assume you were talking about Mr. Jefferson of the Detroit Public Schools. I got a little uneasy when you gave your example because the law is quite clear that once the funds are allocated to the target buildings, then Dr. Jefferson and all others are required to use educational disadvantagement for the selection of students.

Mr. **Quie**. Once it gets there, but many school districts distribute the money to target schools.

Dr. **Paslov**. Yes, but perhaps I misunderstood your remarks. I understood you to say the funds were distributed to services for the students.

Mr. **Quie**. No, to the school.

Dr. **Paslov**. Otherwise, we would have to send a review team into Detroit again.

Chairman **Perkins**. Mr. Thomson, I regret I missed considerable portions of the testimony this morning. I am appreciative of such outstanding witnesses in helping to write this legislation. But I believe you said you supported Mr. Quie's bill and thought it could be carried out without resorting to a universal testing program. Is that right?

Mr. **Thomson**. Yes, sir, it could be carried out, I think, by expanding the State testing programs which now exist in over 40 States, to 50 States; and then develop parallels, cut-off points for the separate States.

Chairman **Perkins**. Let me state that one of the criticisms of the present approach is that school districts are given considerable discretion in determining which educationally disadvantaged children participate, with the result that some children who are not determined educationally disadvantaged according to tests participate in the present program.

In order to avoid this situation, if we adopt Mr. Quie's bill, wouldn't you need universal testing? Otherwise, educationally achieving children could still participate as they do now because teachers judged them to be in need of the program.

Mr. **Thomson**. I am not sure I understand that question. Are you asking the question, is there really any alternative to a national testing program?

Chairman **Perkins**. You heard me recite the fact that one criticism of the present approach is that school districts are given considerable discretion in determining which educationally disadvantaged children participate, and that often such factors as teacher judgment comes into play. The result is that some children not determined educationally disadvantaged according to tests participate in the program. If we adopt Mr. Quie's program, wouldn't you need universal testing because, otherwise, educationally achieving children could still participate as they do now due to their inclusion by teachers' judgments.

Mr. THOMSON. Yes, sir, I understand the question. You would need universal testing in the sense that you would have to require testing in every district, but we would not be required to use a single test, a universal test. I think there is a difference between universal testing and you can establish comparables among various standardized tests, if you would like to do that, State-by-State. It would not be necessary, in my opinion, to have a single instrument to determine qualification nationwide. You can have comparables.

Chairman PERKINS. Let me follow that up and I will yield.

Mr. QUIE. On that, I was wondering if currently there is uniformity in each district.

Mr. THOMSON. Yes.

Mr. QUIE. Not between districts?

Mr. THOMSON. Within 40 States there is a uniform test administered, achievement test, and within each district there is always uniformity for the standardized testing program on achievement.

Chairman PERKINS. Dr. Paslov, Dr. Wiley told the committee yesterday that the Office of Education would have to be authorized to develop certain minimum standards for State testing programs if Mr. Quie's bill were to be adopted. That is on page 19 of his testimony where he states:

"In order to assure reasonable similarity in eligible definition and assessment procedures, binding guidelines would have to be developed that minimally cover the issues raised earlier.

"Definition of target population, delimitation of population to be tested, testing of special groups, standard setting, assessment procedures such as timing, tested administration, precision of eligible estimation, reliable control of achievement test data; also State documentation and reporting requirements would have to be established to allow auditing and verification of data," and so forth.

Would you have any problems with modifying your testing program to conform to those standards?

Dr. PASLOV. I think that I would consider that a very positive aspect and, as a matter of fact, my understanding of Mr. Quie's bill is that the States would present a State plan in terms of the allocation process to the U.S. Office of Education for their approval.

It therefore follows, at least in my sense of what would have to be done, that OE would in fact have to establish guidelines or certain standards. I am quite confident that our testing program can meet those now or would require very little modification to meet them in the future.

Chairman PERKINS. Let me ask Mr. Schmidt.

As I understand Dr. Paslov's testimony, he has no concern that Mr. Quie's bill would be a negative incentive because funds could shift from children and schools which improve their test scores. But from a technical analysis submitted to the committee by the National Assessment, it seems that your organization believes that this is a most serious problem with that approach. Could you comment on that?

Mr. SCHMIDT. If I understand correctly——

Chairman PERKINS. You state the most important problem with the Quie approach is in allocating funds for the number of low achievers. Low-test performance therefore is rewarded. Now my question was, from a technical analysis submitted to the committee by your organization, it seems that the National Assessment, believes that that is the most serious problem with that approach. Am I correct on that?

Mr. SCHMIDT. Yes, we do believe that the problem of assuring that, in fact, the data truly represents performance levels is a serious problem. It is a problem, though, that with study and procedures to maintain quality control of the information, probably could be carried out, but there are many unresolved issues that would need a good deal of study to assure reliable information.

Mr. QUIE. Would the gentleman yield?

Chairman PERKINS. Before I do that , you say "passive resistance is difficult to detect, and nearly impossible to prove. We feel that the possibility of the cheating, whether or not any actually occurs, is a significant threat to the credibility of a test-based funding criterion."

Mr. SCHMIDT. Yes. What we are doing there is anticipating a situation which may or may not come to pass, but if it did come to pass would be a serious one and difficult to detect. That relates to the difficulties in a testing operation to assure that, one, the tests are conducted in a high, full uniform manner; number two, that the assessing situation is such that it is conducive to getting a true picture of student performance in a great number of sites across the country.

Now in the testing process as we see it, the first phase, that of acquiring information within States, or across States, as to relative performance-based indications of needs, we would see sampling procedures could be used effectively; that the number of testing sites are not so great as to preclude adequate monitoring and assurance of quality control.

However, it would be my personal view that these kinds of problems within a State would be aggravated merely because of the number of points for testing that would need to take place.

The second phases would require the State program to adequately test youngsters within the district, each and every district, to get that relative performance measure.

Now, earlier I mentioned that sampling may not be entirely appropriate for these kinds of situations. That has simply not anything to do with inherent problems of sampling and unrealiability, but rather the relationship of the accuracy between sample data when the population is quite large, versus the data when the population to be examined is very small.

If memory serves me, we have I believe about 88 percent of the districts in these United States which have grade enrollments below 400 youngsters per grade. It is these situations that would be of greatest concern because when the enrollment is that small, to get reliable estimates of districtwide performance based upon the examination of one age or grade group, one would need to test nearly all of those students.

So, yes, it would be a fairly elaborate testing operation for States to conduct. On the other hand, States such as Michigan, Florida, California, do it routinely. There are States however, which do not.

It would pose problems of greater severity for some States than others. Nebraska, I believe, still has 2200 school districts within the State; that would be 2200 sites administration in the testing program.

Chairman PERKINS. Thank you very much.

Mr. QUIE. I would like to ask Dr. Paslov if that has been a problem to him in Michigan?

Dr. PASLOV. I tried to indicate that I do not believe it would be. We have a testing staff, we have a considerable amount of experience with our assessments program. I am really not quite certain what the logistical difficulties would be, but I am certain that, given time and staff and some resources, they could be resolved without too much difficulty.

Mr. QUIE. Mr. Schmidt, currently in the school districts where the resources allocation is based on educational achievement, you have the same situation, if there is any negative incentive it is going on right now in the present program; is that correct?

Mr. SCHMIDT. That possibility certainly exists in those districts that are doing that.

Mr. QUIE. So if anybody was going to prove negative incentive, they have the opportunity to go out there and prove it now as the program operates?

Mr. SCHMIDT. Yes, there would be examples. I am not aware of any studies that have attempted to establish whether in fact there has been such negative incentive.

Mr. QUIE. The question you raise as to the accuracy of the program, there is a tendency to compare the distribution based on educational achievements with some concept of perfection. It would be better, would it not, to compare it with the present formula, which in the last year it is used, no one will be in school any more who was counted, when you look at Nebraska, and to the extent of AFDC over current Orshansky is applied there?

So in Nebraska you are talking about an obsolete, most inaccurate method of distributing the money possible. Also, it is a rural State. It has more to do with the rain in the year previous to the census, being 1969 this time, than about anything else.

Can you imagine distributing money based on rain?

Chairman PERKINS. Let me ask Dr. Paslov.

I am somewhat confused about your statement. On page 4 you recommend continuing the legislation "to serve those currently being funded under Title I as well as to strengthen the educational services to all educationally disadvantaged youth."

But then on page 10, you recommend permitting States to abandon the poverty requirements and permitting them to go to testing.

Could you explain this?

Dr. PASLOV. What I was trying to get at was the notion, my view of the notion, of double qualification. That is, those who are educationally disadvantaged among the poor need to have those services continued. I was also thinking in terms of the general difficulties that we have when we try to shift major amounts—in changing a formula or an allocation system, although I am a very strong supporter of the use of test based formula, educational disadvantaged formula, I am also aware that in changing that formula, there ould well be shifts of money away from urban areas, from the ities, and away from certain rural areas in our State. And my estimony was——

Chairman Perkins. At this point, I would like to ask you whether t was necessary within your own State to adopt either by regulation or by law a hold-harmless provision, and then put the testing money on top of that.

Dr. Paslov. That would be my recommendation. I think we would need a hold-harmless provision to implement an educational disadvantaged system.

Chairman Perkins. Now, I am also confused about this. I believe a few weeks ago your State superintendent testified that no school district has had its Chapter 3 funds withdrawn due to better test esults. Yet you said some schools had lost funds.

Could you explain that further?

Dr. Paslov. The fact——

Chairman Perkins. That is in connection with the testing program.

Dr. Paslov. The fact of the matter is that each year in Chapter 3, because it is an annual allocation and it is based on test scores, here is a number of school districts which are in one year and out he next year. That is a statement of fact. This last year there were 3 school districts that had been in the previous year and that had ested out of the program.

Chairman Perkins. But you would suggest to this committee if we dopted any part of the Quie approach here that we would first place in the law a hold-harmless provision?

Dr. Paslov. That is correct. And I would suggest that is exactly what we had to do in Michigan. We had to grandfather the school districts, those 12 or 13 school districts, who were tested out of the system the following year.

Mr. Quie. Will the gentleman yield?

Are you talking about holding harmless to the State or holding harmless to the school district?

Dr. Paslov. I was talking about the school district.

Mr. Quie. To the school district. Right now there is a change each year under the poverty formula.

Dr. Paslov. That is right.

Mr. Quie. Some school districts lose and some school districts gain.

Would you hold harmless a school district even if it would lose on he poverty formula? I have no problem with holding harmless anybody who would continue to receive that amount, but I sure don't want to hold harmless a school district who is losing poor kids.

Dr. Pavlov. That is right. Well, in fact we do have some provisions in terms of the 85 percent planning, for 85 percent of the current year's allocation and no more than, as I recall, 120 percent. So there are some limits in terms of fluctuation within the current egislation. And that primarily is to assist local school districts in heir program planning. They have these major shifts in funds each year. As you well know, it is very difficult for them to plan. That was my intention in recommending some kind of hold-harmless provision.

Mr. **Quie**. We have in the law now the requirement that they be able to continue to recieve the money for three years so they won't be in one year and out the other year. I can see the necessity of getting this change in concept that you have the hold-harmless provision, otherwise I would be scared to death of what might happen.

Dr. **Paslov**. Absolutely.

Chairman **Perkins**. Let me thank all of you distinguished gentlemen for being very helpful to the committee. We hope to see you back before this committee again in the future.

We will now adjourn until 9:30 a.m. tomorrow.

[Whereupon, at 10:48 a.m., the subcommittee was adjourned, to reconvene at 9:30 a.m., Thursday, November 3, 1977.]

PART 19: TITLE I—FUNDS ALLOCATION, THE ESEA AMENDMENTS OF 1977

THURSDAY, NOVEMBER 3, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice at 9:41 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins presiding.

Members present: Representatives Perkins, Mottl, Quie, and Buchanan.

Staff present: John F. Jennings, majority counsel; Christopher Cross, minority senior education consultant; and Nancy L. Kober, staff assistant.

Chairman **Perkins**. The committee will come to order. We have with us this morning Mrs. Barbara W. Davis, director of the Title I programs; Charlotte-Mecklenburg Schools, Charlotte, North Carolina; Mrs. Carolyn Tennant, special programs consultant, Adams County School District No. 12, Denver, Colorado; Ms. Hazel Fournier, Assistant Superintendent, Mobile County Public Schools, of Mobile, Alabama; and Mr. Stanley Bippus, Ball State University.

We will hear from you first, Mrs. Davis. Will the whole panel come around and we will withhold any questions until all the panel members complete their statements.

Without objection, the prepared statements will be inserted in the record, and you can summarize your statements in order to save time, or proceed in any manner you prefer. Mrs. Davis, we are delighted to have you here this morning. We know about the problems in your area in the past and how they have been well solved in my judgment. Go ahead.

STATEMENT OF BARBARA W. DAVIS, DIRECTOR OF TITLE I PROGRAMS, CHARLOTTE-MECKLENBURG SCHOOLS, CHARLOTTE, N. C.; CAROLYN TENNANT, SPECIAL PROGRAMS CONSULTANT, ADAMS COUNTY SCHOOL DISTRICT No.12, DENVER, COLO.; HAZEL FOURNIER, ASSISTANT SUPERINTENDENT, MOBILE COUNTY PUBLIC SCHOOLS, MOBILE, ALA.; AND STANLEY BIPPUS, BALL STATE UNIVERSITY

STATEMENT OF BARBARA W. DAVIS

Mrs. DAVIS. I am Barbara W. Davis, director of Title I programs for the Charlotte-Mecklenburg School System of Charlotte, North Carolina. I am very grateful for the opportunity to speak to you in support of Title I.

The Charlotte-Mecklenburg school system serves approximately 80,000 students in 109 schools and special programs. The 35th largest school system in the nation, and the largest in the two Carolinas, Charlotte-Mecklenburg schools offer a wide range of regular, special and alternative programs to students kindergarten through grade 12. Our schools provide an innovative curriculum to meet a variety of individual needs of students, with reading and math receiving special emphasis, and Title I has been a leader in this emphasis.

The Title I program, the largest of all federally funded instructional programs in our system, presently supports reading and mathematics programs for 6340 educationally deprived children.

Since 1966, Title I has been an integral part of our school system and continues to be a moving force in our educational hierarchy. From the early days of 1966 and 1967, when local administrators recognized that kindergarten education was the priority educational need—especially for children from low-income families—to the present, Title I has brought effective change to our system.

This change is noted in the fact that children from low-income families have received special attention in the reading and math skill areas which has notably improved the self-image and behavior of these children and has thus led to improvement in their scholastic achievement. For example, during the last school year, 49 percent of Title I students in reading, grade 2-6, made an average gain of one month for each month they participated in the program. In the mathematics area, the statistics were even higher—80 percent of the math students gained at least one month for each month of participation.

For the past two years, the Charlotte-Mecklenburg school system has participated in the NIE Demonstration Project. During the 1976-77 school year, we allocated funds to schools on the basis of educational need. Our Board and administrative staff felt that this was a fairer, more equitable way of assuring that children, whose educational attainment is significantly lower than that expected of children of the same age and grade, receive the help they need.

Before the 1976-77 school year, to be eligible for participation in a Title I project, a child had to be identified as educationally deprived. By definition, educationally deprived children were those children "who have need for special educational assistance in order that their level of educational attainment may be raised to that appropriate for children of their age." However, when the Charlotte-Mecklenburg Board of Education approved the school district's participation in the Title I Study on Compensatory Education, Title I schools were identified by using student achievement scores as

posed to low-income guidelines. The guidelines for selection of
tle I schools during 1976-77 and 1977-78 were:

One, a school is eligible for Title I reading services if 35 percent of
; third and/or sixth grade students received scores at or below the
th percentile in reading comprehension on the Stanford Achieve-
ent Test.

Two, a school is eligible for Title I math services if 35 percent of
; third and/or sixth grade students received scores at or below the
th percentile in math computation on the Stanford Achievement
est.

Three, under the achievement criterion, a school qualified sepa-
tely for Title I reading and math services.

The major reason for our participation in this study was our
sire to serve more schools and/or more students than we had
eviously, as well as a desire to serve low-achieving students
rectly regardless to their attendance area or their economic
atus. Moreover, we felt that, although there is a high degree of
rrelation between low-income and low achievement, it does not
eclude that all children who are poor or black are at the same
me educationally deprived. The change in selection criteria for the
location of funds on the basis of student achievement resulted in
e following:

A. The number of schools receiving Title I services increased from
to 59.

B. The number of schools receiving Title I reading services
creased from 49 to 51.

C. The number of schools receiving Title I math services in-
eased from 38 to 47.

D. The number of schools receiving Title I services in both
ading and math increased from 38 to 39.

E. The number of schools ineligible for Title I services decreased
om 24 to 14.

F. Of the 49 Title I schools, 42 remained eligible for Title I
rvices in at least one subject area.

G. Seventeen schools ineligible for Title I services became eligible.

H. Seven present Title I schools became ineligible for Title I
rvices.

I. Seven schools presently ineligible for Title I services remained
eligible. They had never been and were not under this criterion.

Also, the total number of students served by Title I increased
om an unduplicated count of 5554 in 1975-76 to an unduplicated
unt of 6102 in 1976-77. These figures represent an increase of 548
udents, made possible, in part, by the maximum number of
udents served by each lab being raised from 50 to 55 through a
aiver from the State Department of Public Instruction. The actual
ımber of labs in operation during the two years remained the
me.

These statistics compiled over the last two years indicate that
rtain changes did occur in the characteristics of the Title I
ogram and its participants during this demonstration project
riod. For example:

The math labs served a greater percentage of students the second
ar than they had the first year even though reading remained
early the first priority.

The percentage of black students in the total program during 1976-77 decreased from 1975-76 as the percentage of white participants increased.

The number of students served by the program in 1976-77 increased by 548 as a result of a waiver of the maximum number of students served in each lab from 50 to 55.

The percentage of students receiving free or reduced lunch decreased during the first year that an achievement criterion for the selection of schools was implemented. It had been 58.62 percent in 1975-76, whereas it was 50.49 percent in 1976-77.

The number of students served in schools having only primary grades decreased from 1975-76 to 1976-77, resulting from fewer primary schools having met the achievement criterion for eligibility during the first year of its implementation.

Interestingly enough, male participants continued to outnumber females in all phases of the program in 1976-77 as well as in 1975-76.

With our school system operating under a court-ordered desegregation plan, there are children who are from low-income families as well as children who are educationally deprived in all 75 of our elementary schools. Hence, it is our belief that to allocate Title I funds on the basis of educational attainment would permit us to reach and serve those children for whom the legislation was designed. We believe that, in this way, the educationally deprived child and the child from low-income families will be served. Our greatest limitation in serving these children would be reflected in the resources allocated to each State. We are currently serving 6340 children, but there remains a total of 4501 unserved, who have been identified as eligible.

The Board, senior administrative staff and administrators of the Title I programs at both the State and local levels have reviewed—with a great deal of interest—H.R. Bill 7571 introduced by the Hon. Albert H. Quie, and do support without reservations most aspects of the bill. We do endorse the concept of the allocation of funds on the basis of educational need as opposed to the use of poverty or low-income guidelines. Specifically, we believe:

Number one, eligibility for Title I services under the present low-income guidelines equates the program to one of welfare, and, as such, stigmatizes the participants and reinforces the negative self-concept.

Number two, under the desegregation process many innercity children are transferred to the more affluent communities and are no longer eligible for Title I services. Yet, the educational need remains.

Number three, the proposed three percent formula for the educationally disadvantaged population would qualify virtually every school district that met other eligibility requirements.

Number four, the designation of 80 percent of the funds within the State for reading, mathematics and language is most appropriate as these are the basic skills children must have if they are to move into our American society.

Number five, we also believe State departments of education and local educational authorities should be held accountabe for the coordination of the Title I program with the existing educational programs funded from local funds. They should be mutually supported and complementary of each other.

I feel it necessary to say that our administrators have some concern about the development of data to be used for the interstate allocation of Title I funds. We believe that such a testing program would result in problems as great or greater than the use of income data. How frequently the test would take place; how to avoid the "do poor, get more" syndrome; or, to put it another way, "do well, lose out"; will NIE develop data to be used for the intrastate allocation of funds; what national criterion will be selected for an identification or selection cut-off point; what national criterion will States and/or districts have in determining their own cut-off points, are concerns that deter us from an unequivocable acceptance of the provision in H.R. Bill 7571 regarding the collection of data for fund allocation. We also feel that very specific guidelines must be established in order to assure a fair and equitable allocation of funds to all States and districts. If the Commissioner is to approve each State's plan for testing, there must be very definite time lines to avoid major delays in implementing local programs.

Title I has made a tremendous impact on the instructional programs in the Charlotte-Mecklenburg schools, and we strongly believe that Title I funding for compensatory education should and must continue, and that the funding should be adequate to meet the top priority needs of educationally deprived children irrespective of the method of allocation of funds. We further believe that more children will be served if Title I regulations would permit serving identified children wherever they are without targeting certain schools as Title I schools.

Finally, we feel that we will be in a much better position to defend the advantages of allocating funds on achievement data by the end of this school term when we shall have had an additional year of collected data from which to draw our conclusion.

Thank you very much for giving me this opportunity to express the views of the Board and staff and the Title I personnel on the Charlotte-Mecklenburg Schools.

Thank you.

[Additional information submitted for the record follows:]

CHARLOTTE-MECKLENBURG SCHOOLS

STATISTICAL SUMMARY

1975 - 1977

TITLE ONE PROGRAM

Dr. Jay M. Robinson, Superintendent
Mrs. Barbara W. Davis, Director, Title I

INTRODUCTION AND BACKGROUND

TITLE I OF THE ELEMENTARY AND SECONDARY EDUCATION ACT

PURPOSE OF TITLE I, ESEA

In recognition of the special educational needs of children of low-income families and the impact that concentrations of low-income families have on the ability of local educational agencies to support adequate educational programs, the Congress of the United States established legislation to provide financial assistance to local educational agencies to expand and improve their educational programs to meet the special educational needs of educationally deprived children.

In accordance with this law, the staff of the Charlotte-Mecklenburg school system applied for and received funds in 1966; and, since that time, Title I has been an on-going program. The program to be implemented, however, changed with the educational needs of the system. For many years, the major portion of the funds was used to develop programs in early childhood education. As state supported kindergartens became more readily available, there was less need for Title I in this area.

The formula for eligibility is generally based on the number of children within a school district who are from low-income families.

Before the 1976-77 school year, to be eligible for participation in a Title I project, a child had to be identified as educationally deprived. By definition, educationally deprived children were those children "who have need for special educational assistance in order that their level of educational attainment may be raised to that appropriate for children of their age". However, in the spring of 1975, the Charlotte-Mecklenburg Board of Education approved the school district's participation in the

Title I Study on Compensatory Education which has resulted in the selection of Title I schools by using student achievement scores as opposed to low-income guidelines.

The guidelines for selection of Title I schools during this school year are as follows:

A. A school becomes eligible for Title I reading services if 35% of its third and/or sixth grade students received scores at or below the 30th percentile in Reading Comprehension on the Stanford Achievement Test.

B. A school becomes eligible for Title I math services if 35% of its third and/or sixth grade students received scores at or below the 30th percentile in Math Computation on the Stanford Achievement Test.

C. Under the achievement criterion, a school qualifies separately for Title I reading and math services.

CRITERIA FOR SELECTION/POVERTY GUIDELINES

A. Children with composite scores below the 25th percentile on standardized achievement test batteries

B. Children who score one or more grade levels below grade placement on composite scores of achievement test batteries

C. Children who have been retained a year or more in school

D. Children with poor self-concept, unsatisfactory attendance records, unsatisfactory school adjustment because of behavioral problems seriously interfering with learning, and/or from one-parent homes

These children may or may not come from low-income families.

EFFECTS OF CHANGE IN SELECTION CRITERION FOR 1976-1977

A. The number of schools receiving Title I services increased from 49 to 59

B. The number of schools receiving Title I reading services increased from 49 to 51

C. The number of schools receiving Title I math services increased from 38 to 47.

D. The number of schools receiving Title I services in both reading and math increased from 38 to 39.

E. The number of schools ineligible for Title I services decreased from 24 to 14.

F. Of the 49 Title I schools, 42 remained eligible for Title I services in at least one subject area.

G. Seventeen schools ineligible for Title I services became eligible.

H. Seven present Title I schools became ineligible for Title I services.

I. Seven schools presently ineligible for Title I services remained ineligible.

EFFECTS OF CHANGE FOR 1977-1978

A. The number of schools receiving Title I decreased from 59 to 37.

B. The number of schools receiving Title I reading services decreased from 51 to 37.

C. The number of schools receiving Title I math services decreased from 47 to 28.

D. The number of schools receiving Title I services in both reading and math decreased from 59 to 37.

E. The number of schools ineligible for Title I services increased from 14 to 38.

F. One school ineligible for Title I services became eligible.

G. Schools which became ineligible in 1976-77 remained ineligible in 1977-78.

RESULTS OF CHANGES IN SELECTION CRITERIA

	POVERTY GUIDELINES	ACHIEVEMENT CRITERION	
	1975-76	1976-77	1977-78
# of Schools Eligible for Either Reading or Math	49	59	37
# of Schools Eligible for Both Reading and Math	38	39	19
# of Schools Eligible for Reading	49	51	37
# of Schools Eligible for Math	38	47	28
# of Schools Eligible for Reading Only	11	12	16
# of Schools Eligible for Math Only	0	8	1
# of Schools Not Eligible for Title I	24	14	38
# of Students Served	5554	6102	6340 (Est.)

TITLE I STATISTICAL SUMMARY

This statistical report will attempt to compare the Title I program during 1975-76 (the last year of operation under poverty guidelines) with the program as it operated in 1976-77—the first year the achievement criterion was used. Charts and graphs will accompany the narrative to more fully describe the changes which have taken place during the two-year period.

The total number of students served by Title I increased from an unduplicated count of 5554 in 1975-76 to an unduplicated count of 6102 in 1976-77. These figures represent an increase of 548 students, made possible by the maximum number of students served by each lab being raised from 50 to 55 through a waiver from the State Department of Public Instruction. The actual number of labs in operation during the two years remained the same.

The 1976-77 unduplicated count of 6102 does not include 407 students who were served through SAFA funds which became available in September, 1976. With these additional funds, a reading lab at Piney Grove Elementary School and a math lab at Gunn Elementary School were established, and an additional aide was employed in the reading labs at 15 other schools, thereby increasing the number of students served.

I. ETHNIC BREAKDOWN

A. Total Program

During the 1975-76 Title I program, only 32.8% of the unduplicated participants were white, whereas 66.3% of the students were black. In the 1976-77 Title I program, the percentage of white participants increased to 38.4 % and the percentage of blacks decreased to 60.2%.

These figures indicate that the majority of Title I participants during both years were black, but that the percentage of blacks was lower during the first year of implementation than during the previous year when school selection procedures were based upon poverty guidelines.

B. By Subject Area

When the ethnic breakdown is extended to the individual subject areas, it can be seen that the percentage of blacks and whites in reading and in math during 1975-76 closely reflected the racial breakdown of the total program. During 1976-77, however, there was a higher percentage of blacks enrolled in the reading program than in math. Conversely, there was a higher percentage of whites enrolled in math than in reading.

C. By Grade Structure

The greatest change in the grade structure of Title I participants during the two school years was that far fewer students in the primary schools were served in 1976-77 than in 1975-76. This is a direct consequence of fewer primary schools meeting the eligibility criterion when selection was based upon achievement. The number of students served in schools having only upper grades remained the same, but the number of students in schools having all grades greatly increased.

With regard to racial breakdown, there were approximately 4-5% fewer blacks in each kind of school in 1976-77 than in 1975-76, but this difference was also reflected in the comparison of the total program. The highest concentration of blacks both years was in the upper grade schools.

II. GRADE LEVEL BREAKDOWN

There appears to be little difference in the percentage of students served at each grade level during the two years under consideration. The percentages are higher in grades 4, 5 and 6 each year, since both reading and math programs are in operation at those grade levels, whereas only the reading program operates in second and third grades.

When the grade level breakdown is carried through to subject areas, it can be seen that the reading students are fairly evenly distributed across all grades except for a small percentage of first grade repeaters served in 1976-77. In the math program, however, the largest percentage of students during both years was concentrated in the fourth grade, with declining percentages in the two remaining upper grades. This is a result of deliberate policy stated in the program section of the Title I proposal.

III. BREAKDOWN OF PARTICIPANTS BY SEX

The percentages of males and females in the total program, as well as in both reading and math, are almost identical in 1975-76 and 1976-77. In all aspects of the program in both years, however, males greatly outnumber females with the difference in percentages ranging from 11 to 17 points.

IV. PERCENTAGE OF STUDENTS IN EACH SUBJECT AREA

The percentage of Title I participants enrolled in both subject areas remained the same during the two years of the report. Moreover, in both years a much higher percentage of students were enrolled in reading than in math. The percentage of students participating in math increased from 19.8% in 1975-76 to 28.7% in 1976-77.

V. MOBILITY RATE

The percentage of students who moved during the course of the school year increased from 10.62% in 1975-76 to 13.45% in 1976-77. It was noticeable that the SAFA students served in 1976-77 were more stable than their Title I classmates. Perhaps this observation can be explained by the fact that the SAFA students were selected in October rather than in August, so that they were enrolled in the lab a shorter period of time than were the Title I students and therefore had less time to move. Furthermore, since students with the lowest test scores have priority for selection, the SAFA participants, being selected later, were generally better students.

VI. PARTICIPANTS RECEIVING FREE LUNCH

The percentage of students receiving free or reduced lunch decreased from 58.62% in 1975-76 to 50.49% in 1976-77. Unlike the mobility rate, the percentage of SAFA students receiving free lunch was almost identical to the percentage of Title I participants.

SUMMARY

The statistics compiled over the last two years indicate that certain changes did occur in the characteristics of the Title I program and its participants in the two years covered by this report. First of all, the math labs served a greater percentage of students the second year than they had the first year even though reading remained clearly the first priority.

The percentage of black students in the total program during 1976-77 decreased from 1975-76 as the percentage of white participants increased. This was true of both reading and math.

The number of students served by the program in 1976-77 increased by 548 as a result of a waiver of the maximum number of students served in each lab from 50 to 55.

The percentage of students receiving free or reduced lunch decreased during the first year that an achievement criterion for the selection of schools was implemented. It had been 58.62% in 1975-76, whereas it was 50.49% in 1976-77.

The number of students served in schools having only primary grades decreased from 1975-76 to 1976-77, resulting from fewer primary schools having met the achievement criterion for eligibility during the first year of its implementation.

Male participants continued to outnumber females in all phases of the program in 1976-77 as well as in 1975-76.

I. ETHNIC BREAKDOWN

A. Total Program

Unduplicated Participants in Title I Program 1975-1976

	Number	Percentage
White	1823	32.8%
Black	3681	66.3%
Indian	25	.5%
Puerto Rican	2	.03%
Oriental	12	.2%
Spanish	2	.03%
Other	9	.2%

Unduplicated Participants in Title I Program 1976-77

	Number	Percentage
White	2344	38.4%
Black	3675	60.2%
Indian	35	.6%
Puerto Rican	2	—
Oriental	6	.1%
Spanish	10	.2%
Other	30	.5%

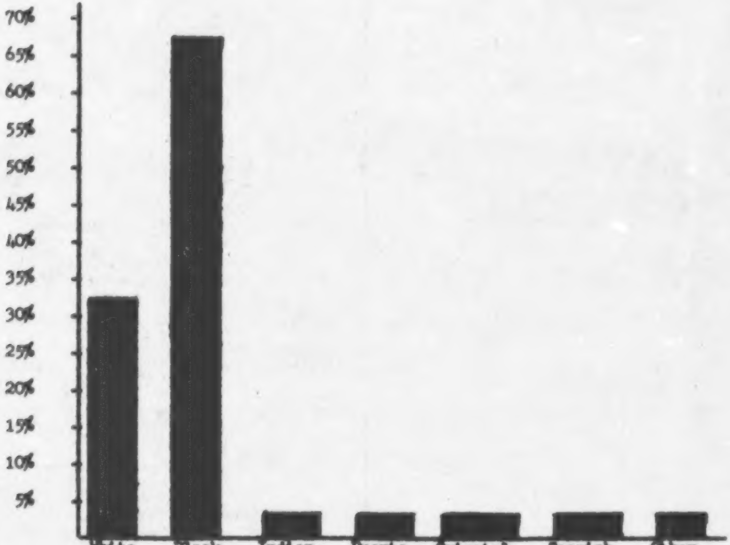
Unduplicated Participants in SAFA Program 1976-77

	Number	Percentage
White	171	42.0%
Black	236	58.0%
Indian	—	—
Puerto Rican	—	—
Oriental	—	—
Spanish	—	—
Other	—	—

A. Total Program Ethnic Breakdown (continued)

1975-76
Unduplicated Participants in Title I Program

Number = 5554

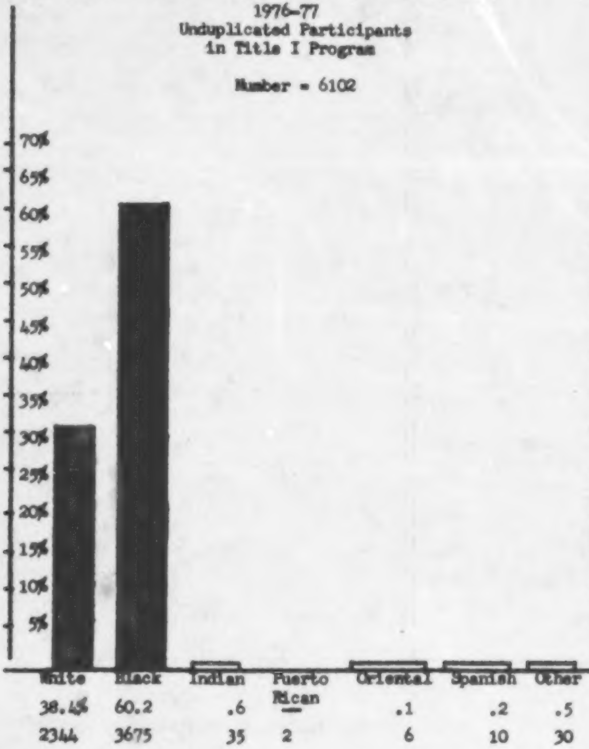


	White	Black	Indian	Puerto Rican	Oriental	Spanish	Other
Percentage	32.8%	66.3%	.5%	.03%	.2%	.03%	.2%
Number	1823	3681	25	2	12	2	9

A. Total Program - Ethnic Breakdown (continued)

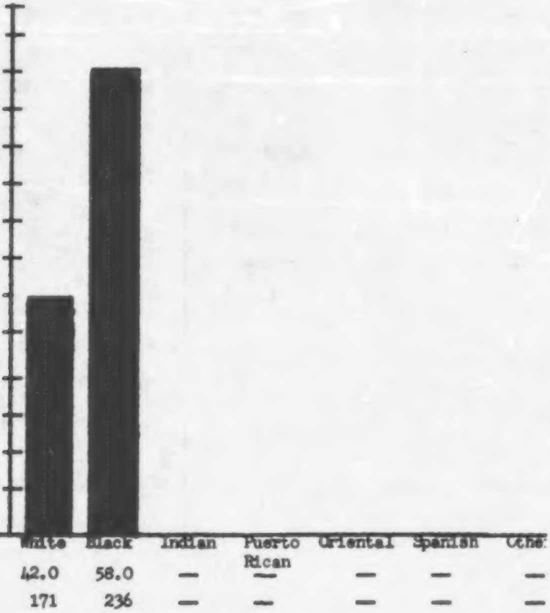
1976-77
Unduplicated Participants
in Title I Program

Number = 6102



1976-77
Unduplicated Participants
in SAPA Program

Number = 407



B. Ethnic Breakdown by Subject Area

Title I Program
1975-76

	Number	Percentage
Reading (4452)		
White	1340	30.1%
Black	3112	69.9%
Math (2003)		
White	686	34.2%
Black	1317	65.8%

Title I Program
1976-77

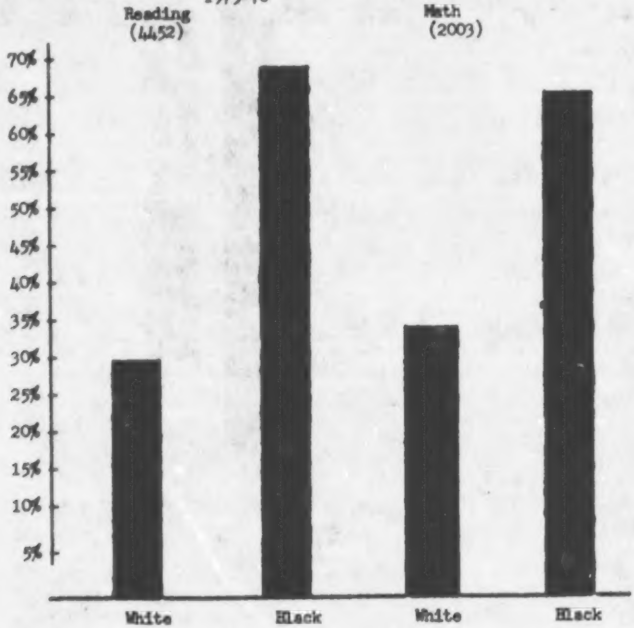
	Number	Percentage
Reading (4348)		
White	1492	34.3%
Black	2786	64.1%
Indian	26	.6%
Puerto Rican	1	—
Oriental	6	.1%
Spanish	7	.2%
Others	30	.7%
Math (2705)		
White	1145	42.3%
Black	1537	56.8%
Indian	15	.6%
Puerto Rican	2	.1%
Oriental	—	—
Spanish	4	.1%
Others	2	.1%

SAFA Program
1976-77

	Number	Percentage
Reading (341)		
White	142	41.6%
Black	199	58.4%
Indian	—	—
Puerto Rican	—	—
Oriental	—	—
Spanish	—	—
Others	—	—
Math (68)		
White	30	44.1%
Black	38	55.9%
Indian	—	—
Puerto Rican	—	—
Oriental	—	—
Spanish	—	—
Others	—	—

E. Ethnic Breakdown By Subject Area (continued)

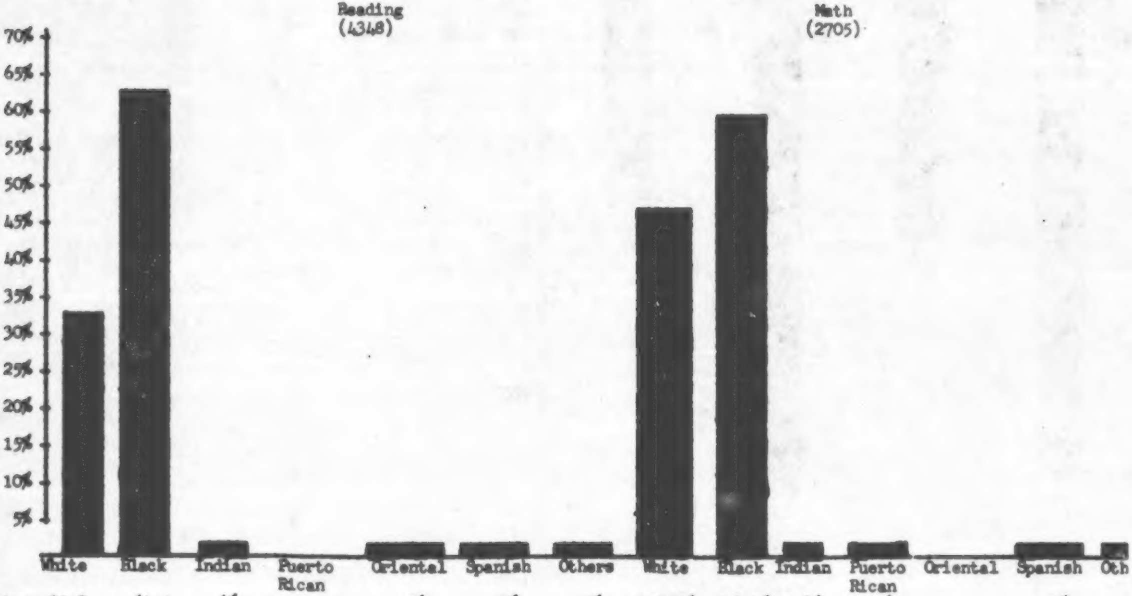
Title I Program
1975-76



	White	Black	White	Black
Percentage	30.1%	69.9%	34.2%	65.8%
Number	1340	3112	686	1317

B. Ethnic Breakdown By Subject Area (Continued)

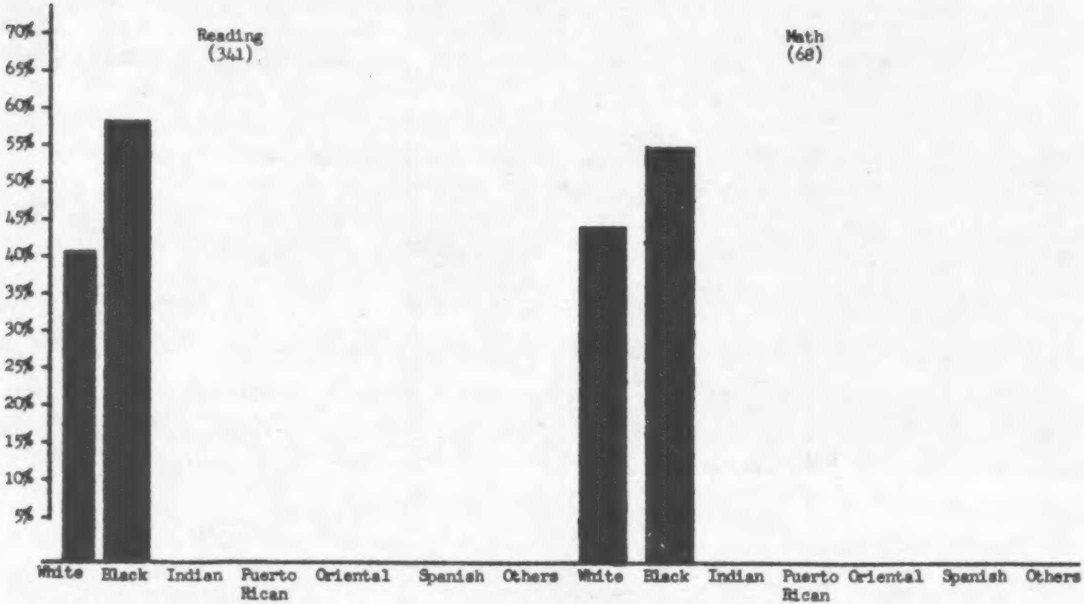
Title I Program
1976-77



	White	Black	Indian	Puerto Rican	Oriental	Spanish	Others	White	Black	Indian	Puerto Rican	Oriental	Spanish	Oth
rcentage	34.3	64.1	.6%	—	.1%	.2%	.7%	42.3%	56.8%	.6%	.1%	—	.1%	.:
mber	1492	2786	26	1	6	7	30	1145	1537	15	2	0	4	:

B. Ethnic Breakdown By Subject Area (Continued)

SAFA PROGRAM
1976-77



	White	Black	Indian	Puerto Rican	Oriental	Spanish	Others	White	Black	Indian	Puerto Rican	Oriental	Spanish	Others
Percentage	41.6%	58.4%	—	—	—	—	—	44.1%	55.9%	—	—	—	—	—
Number	142	199	—	—	—	—	—	30	38	—	—	—	—	—

C. Ethnic Breakdown By Grade Structure

Title I Program
1975-76

Primary-1257

	Number	Percentage
White	411	32.6
Black	837	66.5
Others	9	.7

Full-2400

	Number	Percentage
White	890	37.0
Black	1474	61.4
Others	36	1.5

Upper-1897

	Number	Percentage
White	522	27.5
Black	1370	72.2
Others	5	.2

Primary - Schools with grades K-2, K-3, K-4
Full - Schools with grades K-5, K-6
Upper - Schools with grades 3-6, 4-6, 5-6

Title I Program
1976-77

Primary-636

	Number	Percentage
White	239	37.6
Black	388	61.0
Others	9	1.4

Full-3585

	Number	Percentage
White	1518	42.3
Black	2006	56.0
Others	61	1.7

Upper-1881

	Number	Percentage
White	587	31.2
Black	1281	68.1
Others	13	.7

SAFA Program
1976-77

Primary-51

	Number	Percentage
White	21	41.2
Black	30	58.8
Others	—	—

Full-260

	Number	Percentage
White	122	46.9
Black	138	53.1
Others	—	—

Upper-96

	Number	Percentage
White	28	29.2
Black	68	70.8
Others	—	—

II. Grade Level Breakdown

A. Total Program

Unduplicated Participants in Title I Program 1975-76

	Number	Percentage
Grade 2	990	17.8
Grade 3	873	15.7
Grade 4	1239	22.3
Grade 5	1246	22.4
Grade 6	1206	21.7
Total	5554	

Unduplicated Participants in Title I Program 1976-77

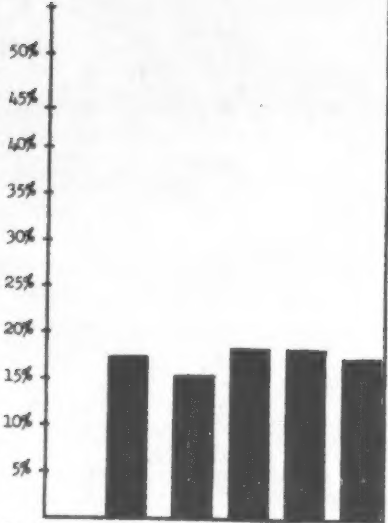
	Number	Percentage
Grade 1 (Repeaters)	21	.3
Grade 2	914	15.0
Grade 3	825	13.5
Grade 4	1763	28.9
Grade 5	1319	21.6
Grade 6	1260	20.6
Total	6102	

Unduplicated Participants in SAFA Program 1976-77

	Number	Percentage
Grade 2	76	18.7
Grade 3	66	16.2
Grade 4	113	27.8
Grade 5	71	17.4
Grade 6	81	19.9
Total	407	

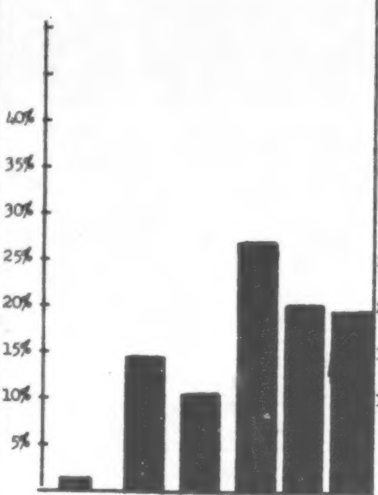
II. Grade Level Breakdown (continued)

Unduplicated Participants
in Title I Program
1975–76
5554



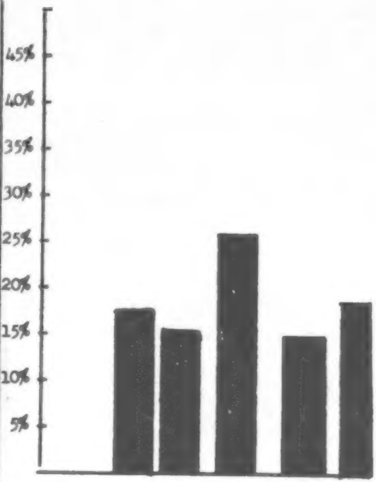
Grade	2	3	4	5	6
Number	990	873	1239	1246	1206
Percentage	17.8	15.7	22.3	22.4	21.7

Unduplicated Participants
in Title I Program
1976–77
6102



1	2	3	4	5	6
21	914	825	1763	1319	1260
.3	15.0	13.5	28.9	21.6	20.6

Unduplicated Participants
in Title I Program
1976–77
407



2	3	4	5	6
76	66	113	71	81
18.7	16.2	27.8	17.4	19.9

B. Grade Level Breakdown by Activity

Title I Program
1975-76

Reading 4452

	Number	Percentage
Grade 2	990	22.2
Grade 3	873	19.6
Grade 4	739	16.6
Grade 5	804	18.1
Grade 6	1046	23.5

Math 2003

Grade 4	921	46
Grade 5	780	39
Grade 6	302	15

Title I Program
1976-77

Reading 4348

	Number	Percentage
Grade 1	21	.5
Grade 2	914	21.0
Grade 3	825	19.0
Grade 4	839	19.3
Grade 5	842	19.4
Grade 6	907	20.9

Math 2705

Grade 4	1378	50.9
Grade 5	755	27.9
Grade 6	572	21.1

Title I Program
1976-77

Reading 341

	Number	Percentage
Grade 2	76	22.3
Grade 3	66	19.4
Grade 4	86	25.2
Grade 5	56	16.4
Grade 6	57	16.7

Math 68

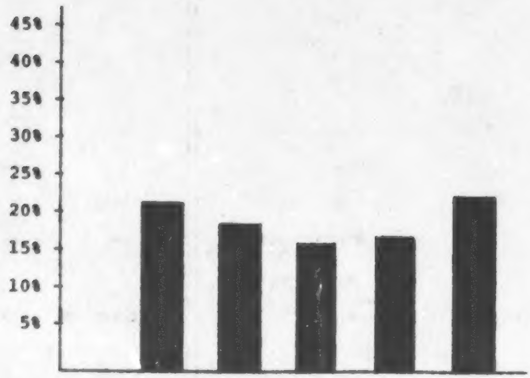
Grade 4	28	41.2
Grade 5	16	23.5
Grade 6	24	35.3

B. Grade Level by Activity

Title I Program

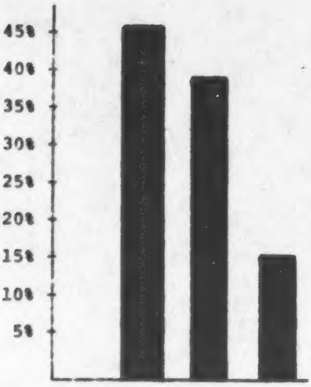
1975-76

Reading-4452



Grade	2	3	4	5	6
Number	990	873	739	804	1046
Percentage	22.2	19.6	16.6	18.1	23.5

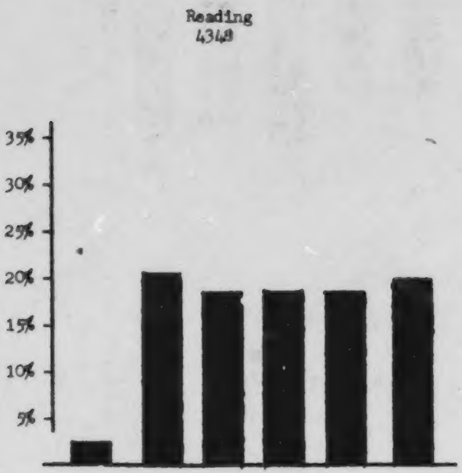
Math-2003



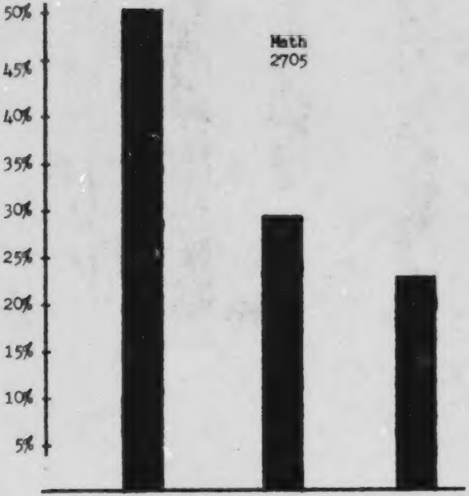
Grade	4	5	6
Number	921	780	302
Percentage	46	39	15

B. Grade Level by Activity (continued)

Title I Program
1976-77



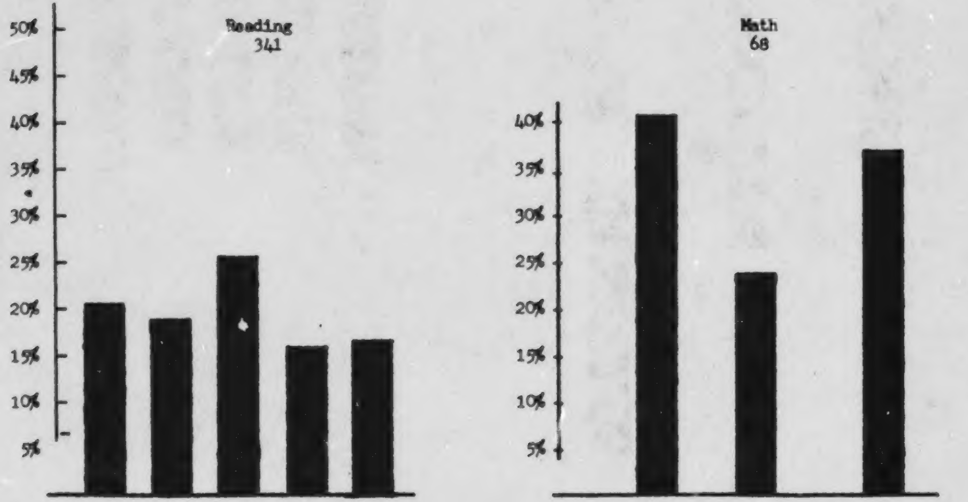
Grade	1	2	3	4	5	6
Number	21	914	825	839	842	907
Percentage	.5	21.0	19.0	19.3	19.4	20.9



Grade	4	5	6
Number	1378	755	572
Percentage	50.9	27.9	21.1

B. Grade Level by Activity (continued)

SAFA Program
1976-77



Grade	2	3	4	5	6	4	5	6
Number	76	66	86	56	57	28	16	24
Percentage	22.3	19.4	25.2	16.4	16.7	41.2	23.5	35.3

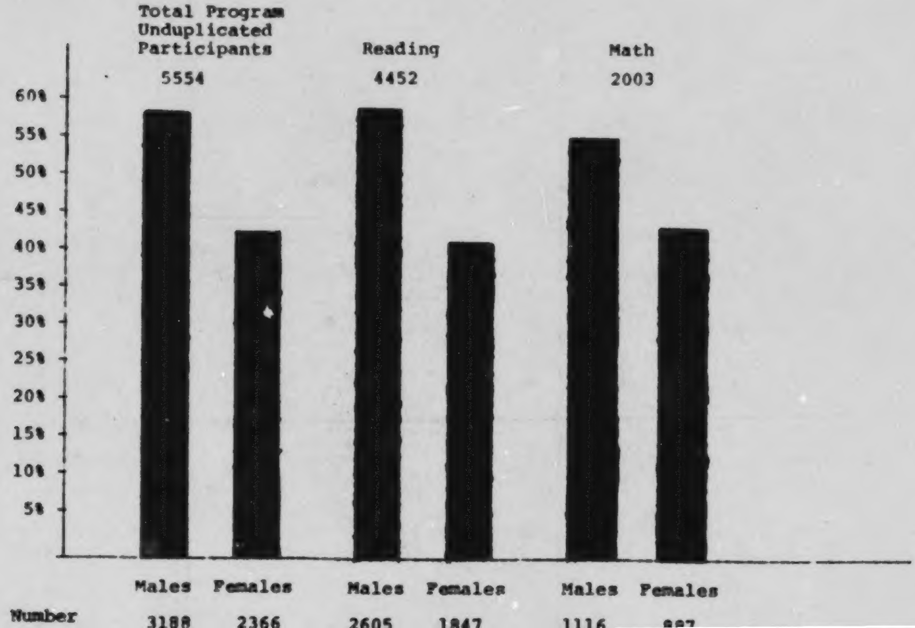
III. Breakdown of Participants by Sex

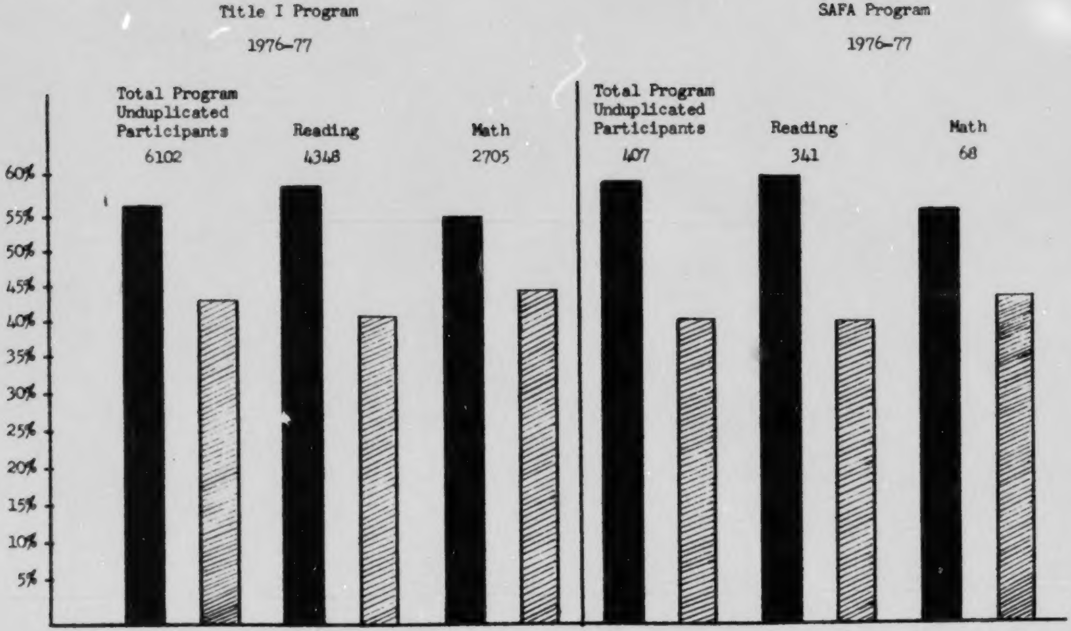
	Title I Program 1975-76 Number	Title I Program 1975-76 Percentage	Title I Program 1976-77 Number	Title I Program 1976-77 Percentage	SAFA Program 1976-77 Number	SAFA Program 1976-77 Percentage
Total Program Unduplicated Participants	5554		6102		407	
Males	3188	57.4	3462	56.7	238	58.5
Females	2366	42.6	2640	43.3	169	41.5
Reading	4452		4348		341	
Males	2605	58.5	2526	58.1	201	58.9
Females	1847	41.5	1822	41.9	140	41.1
Math	2003		2705		68	
Males	1116	55.7	1492	55.2	38	55.9
Females	887	44.3	1213	44.8	30	44.1

III. Preakdown of Participants by Sex

Title I Program

1975-76





	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Number	3462	2640	2526	1822	1492	1213	238	169	201	140	38	30
Percentage	56.7	43.3	58.1	41.9	55.2	44.8	58.5	41.5	58.9	41.1	55.9	44.1

IV. Percentage of Students in Each Subject Area

Title I Program
1975-76

	Number	Percentage
ding only	3551	63.9
h only	1102	19.8
h	901	16.2

Title I Program
1976-77

	Number	Percentage
Reading only	3397	55.7
Math only	1754	28.7
Both	951	15.6

SAFA Program
1976-77

	Number	Percentage
Reading only	339	83.3
Math only	66	16.2
Both	2	.5

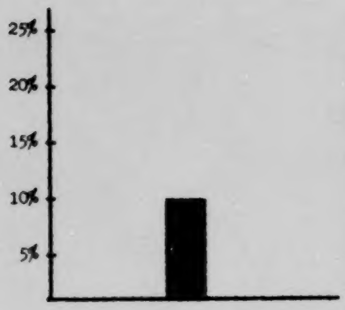
V. Mobility Rate

	Title I Program 1975-76 Unduplicated Participants		Title I Program 1976-77 Unduplicated Participants		SAFA Program 1976-77 Unduplicated Participants	
	5554		6102		407	
dents Moving ing The School r	Number	Percentage	Number	Percentage	Number	Percentage
	590	10.62%	821	13.45%	16	3.93%

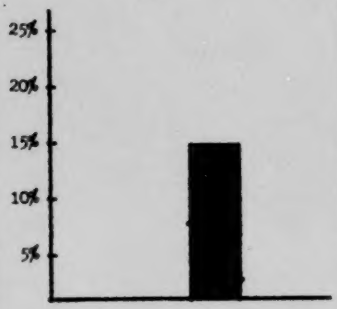
V. Mobility Rate (Continued)

Title I Program
1975-76
Unduplicated Participants

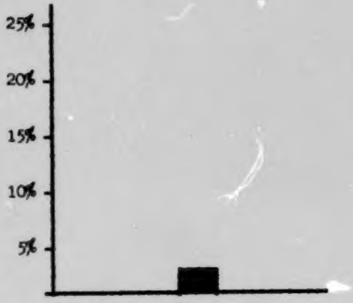
5554



Title I Program
1976-77
Unduplicated Participants



SAFA Program
1976-77
Unduplicated Participants



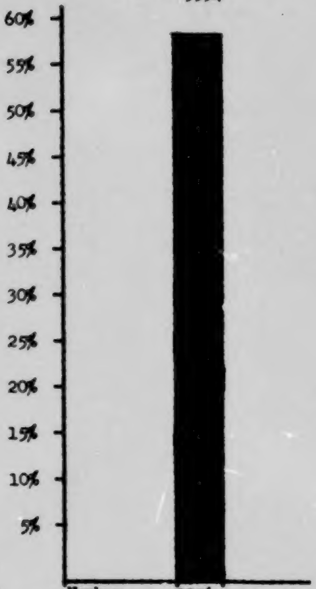
Number	590	821	16
Percentage	10.62%	13.45%	3.93%

VI Participants Receiving Free Lunch

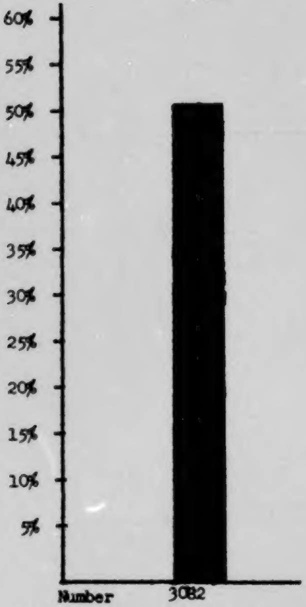
	Title I Program 1975–76		Title I Program 1976–77		SAFA Program 1976–77	
	Unduplicated Participants 5554		Unduplicated Participants 6102		Unduplicated Participants 407	
	Number	Percentage	Number	Percentage	Number	Percentage
Students Receiving Free Lunch	3256	58.62%	3082	50.49	203	49.88

VI. Participants Receiving Free Lunch (Continued)

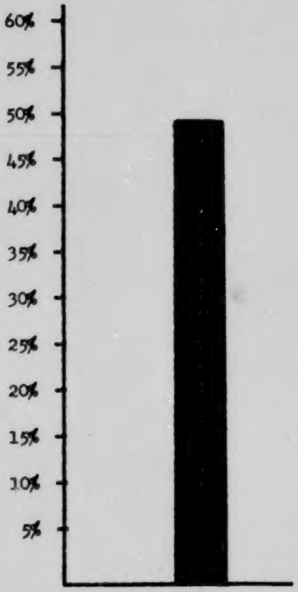
Title I Program
1975-76
Unduplicated Participants
5554



Title I Program
1976-77
Unduplicated Participants
6102



SAFA Program
1976-77
Unduplicated Participant:
407



Students Receiving Free Lunch	Title I Program 1975-76	Title I Program 1976-77	SAFA Program 1976-77
Number	3256	3082	203
Percentage	58.62%	50.49%	49.88%

TABLE I. PER CENT OF TITLE I READING LAB STUDENTS
WHO MADE MONTH-FOR-MONTH PROGRESS
IN TOTAL READING, CTBS, 1975-76 AND 1976-77.

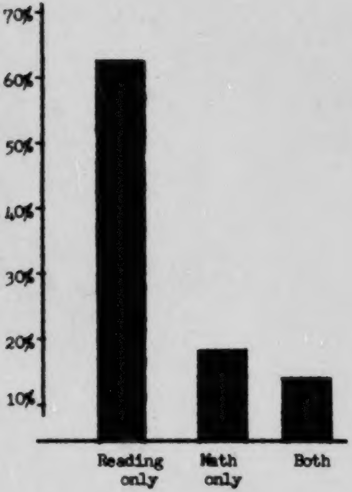
	1975 - 76			1976-77								
	ALL SCHOOLS			NEW SCHOOLS			CONTINUING SCHOOLS			ALL SCHOOLS		
GRADE	PER CENT	n	N	PER CENT	n	N	PER CENT	n	N	PER CENT	n	N
2	44%	284	639	57%	162	284	60%	211	354	59%	373	638
3	33%	205	623	48%	116	240	33%	110	334	39%	226	574
4	44%	239	543	66%	101	154	46%	198	429	51%	299	583
5	40%	234	593	73%	86	118	37%	182	486	44%	268	604
6	52%	385	741	74%	70	95	48%	269	560	52%	339	655
ALL GRADES	43%	1347	3139	60%	535	891	45%	970	2163	49%	1505	3054

Definition of "Month-for-Month Progress"

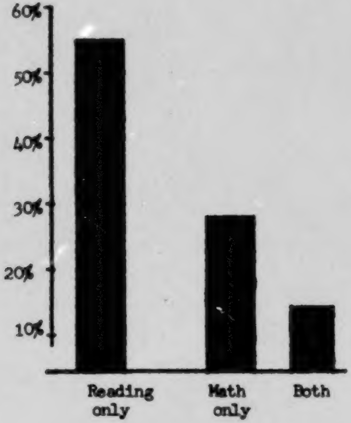
Year	Schools	"Month-for-Month Progress" Criterion for Students
1975-76	All Schools (49 Schools)	8-month grade-equivalent gain between September 10-12, 1975 (Pre-test) and April 21-27, 1976 (Post-test).
1976-77	New Schools (15 Schools)	8-month grade-equivalent gain between September 8-9, 1976 (Pre-test) and May 2-6, 1977 (Post-test).
1976-77	Continuing Schools (36 Schools)	10-month grade-equivalent gain between April 21-27, 1976 (Pre-test) and May 2-6, 1977 (Post-test).

IV. Percentage of Students in Each Subject Area

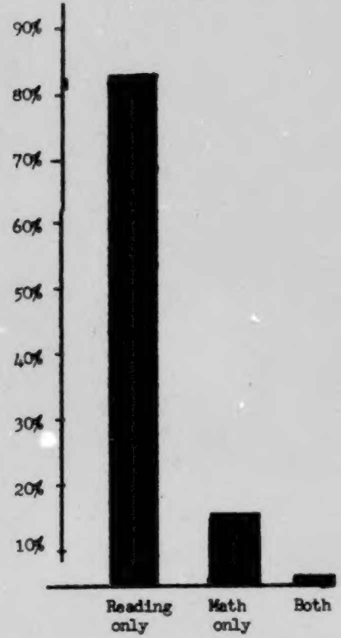
Title I Program
1975-76



Title I Program
1976-77



1976-77



	Reading only	Math only	Both	Reading only	Math only	Both	Reading only	Math only	Both
	3551	1102	901	3397	1754	951	339	66	2
stage	63.9	19.8	16.2	55.7	28.7	15.6	83.3	16.2	.5

TABLE II. PER CENT OF TITLE I MATHEMATICS LAB STUDENTS
WHO MADE MONTH-FOR-MONTH PROGRESS
IN MATH COMPUTATION, CTBS, 1975-76 AND 1976-77.

	1975-76			1976-77								
	ALL SCHOOLS			NEW SCHOOLS			CONTINUING SCHOOLS			ALL SCHOOLS		
GRADE	PER CENT	n	N	PER CENT	n	N	PER CENT	n	N	PER CENT	n	N
4	86%	589	685	92%	391	425	80%	470	587	85%	861	1012
5	62%	337	548	90%	141	156	63%	210	334	72%	351	490
6	70%	102	146	86%	55	64	75%	241	323	77%	296	387
ALL GRADES	75%	1028	1379	91%	587	645	74%	921	1244	80%	1508	1889

Definition of "Month-for-Month Progress"

Year	Schools	"Month-for-Month Progress" Criterion for Students
1975-76	All Schools (38 Schools)	8-month grade-equivalent gain between September 10-12, 1975 (Pre-test and April 21-27, 1976 (Post-test).
1976-77	New Schools (14 Schools)	8-month grade-equivalent gain between September 8-9, 1976 (Pre-test) and May 2-6, 1977 (Post-test).
1976-77	Continuing Schools (31 Schools)	10-month grade-equivalent gain between April 21-27, 1976 (Pre-test) and May 2-6, 1977 (Post-test).

TABLE III. MEAN GRADE-EQUIVALENT GAINS OF TITLE I READING LAB STUDENTS IN TOTAL READING, CTBS, 1975-76 AND 1976-77.

	1975-76				1976-77							
	ALL SCHOOLS				NEW SCHOOLS				CONTINUING SCHOOLS			
GRADE	PRE-	POST-	GAIN	N	PRE-	POST-	GAIN	N	PRE-	POST-	GAIN	N
2	1.1	1.7	0.6	639	1.2	1.9	0.7	284	0.6	1.8	1.2	354
3	1.6	2.1	0.5	623	1.7	2.2	0.5	240	1.6	2.2	0.6	334
4	1.9	2.6	0.7	543	1.9	3.1	1.2	154	2.0	2.9	0.9	429
5	2.1	2.8	0.7	593	2.1	3.4	1.3	118	2.3	3.1	0.8	486
6	2.5	3.3	0.8	741	2.2	3.5	1.3	95	2.7	3.6	0.9	560
ALL GRADES	1.8	2.4	0.6	3139	1.7	2.5	0.8	891	1.9	2.8	0.9	2163

Year	Schools	Pre-test	Post-test
1975-76	All Schools	September 10-12, 1975	April 21-27, 1976
1976-77	New Schools	September 8-9, 1976	May 2-6, 1977
1976-77	Continuing Schools	April 21-27, 1976	May 2-6, 1977

TABLE IV. MEAN GRADE-EQUIVALENT GAINS OF TITLE I MATHEMATICS LAB STUDENTS IN MATH COMPUTATION, CTBS, 1975-76 AND 1976-77.

	1975-76				1976-77							
	ALL SCHOOLS				NEW SCHOOLS				CONTINUING SCHOOLS			
GRADE	PRE-	POST-	GAIN	N	PRE-	POST-	GAIN	N	PRE-	POST-	GAIN	N
4	2.5	4.0	1.5	685	2.8	4.7	1.9	425	2.6	4.4	1.8	587
5	3.3	4.3	1.0	548	2.9	4.8	1.9	156	3.2	4.6	1.4	334
6	3.5	4.9	1.4	146	3.3	5.2	1.9	64	3.5	5.3	1.8	323
ALL GRADES	2.9	4.2	1.3	1379	2.8	4.8	2.0	645	3.0	4.7	1.7	1244

Year	Schools	Pre-test	Post-test
1975-76	All Schools	September 10-12, 1975	April 21-27, 1976
1976-77	New Schools	September 8-9, 1976	May 2-6, 1977
1976-77	Continuing Schools	April 21-27, 1976	May 2-6, 1977

Chairman **Perkins**. Mrs. Tennant, you go ahead.

STATEMENT OF CAROLYN TENNANT

Mrs. **Tennant**. I am from Adams County School District No. 12, which is a northern suburb of Denver, Colorado. We have enrolled in our school system approximately 19,000 students.

Chairman **Perkins**. You are likewise from Mecklenburg, aren't you?

Ms. **Fournier**. No. You may identify me with Mecklenburg because it is ironical that Mobile County Public Schools System received a Supreme Court order the same day as Charlotte-Mecklenburg did, so we identify with each other from that perspective. I am from Mobile, Alabama.

Chairman **Perkins**.. You go ahead, Mrs. Tennant.

First, tell us how long you have been with this program.

Mrs. **Tennant**. About four years now.

Chairman **Perkins**. Go ahead.

Mrs. **Tennant**. Adams County School District No. 12 is a northern suburb of Denver, serving approximately 19,000 students in 25 different schools. Our school district is presently in its third year as one of the 13 sites designated by the National Institute of Education to demonstrate alternative ways to allocate ESEA Title I funds within the district.

The major purpose of the demonstration effort has been to discover what consequences accrue as a result of utilizing achievement measures rather than poverty criteria for allocating Title I funds for schools.

The first year of the demonstration, 1975-76, operated as usual and thus served a dual role; first of all, planning for the changes of the ensuing two years, and, secondly, providing a research data base for comparison.

This chart indicates the changes in concentration of services which occurred in our district as a result of the demonstration. In 1975-76, our Title I program was serving six schools, three elementary and three secondary schools. During the second two years of the demonstration change, there were 16 schools being served, which were all of our elementary schools; none were left out; all became eligible. In 1975-76, we were serving approximately 320 students. One hundred seventy-four were elementary. At the present time, in the last two years of the demonstration project we have almost doubled that, and are serving approximately 600 students.

There has also been a dramatic change in the eligibility of students in our district. As you can see, in 1975-76, students were eligible for Title I services if below the 50th percentile. We served those students who had the greatest need first, but students could be served if they were up to the 50th percentile.

During the last two years, we served only those students below the 25th percentile, thus serving a larger number of truly educationally needy children.

In addition to that, we could not serve all of the bottom quartile in reading according to our standardized testing, because of funding, and therefore we were serving 55 percent of that group.

In 1975-76, the grades we were serving spanned one through twelve, and we have changed that during the demonstration site to serve only grades one, two and three; thus students in our program during the demonstration were in grades one, two and three in the bottom quartile in reading and 55 percent of that group is being served.

Also, one interesting thing is that although we were serving a larger number of truly low-achieving students in all of our elementary schools, we nonetheless found some interesting figures and results in comparison to minority groups and free lunch.

As you can see, the minority groups in 1975-76 composed approximately 19 percent of our Title I population. In 1976-77, that percentage went up to 26 percent. This is because the minority groups in our district happen to be equally dispersed throughout the entire district. We were therefore serving a greater percentage and also a greater number of minorities.

The same thing was true of children receiving free lunch. Although the percentage went down slightly from 24 percent to 21 percent, we were serving a larger number of students and therefore there were a larger number of students who were receiving free lunch than were previously in our Title I program.

Since we are serving 55 percent of the bottom quartile of students in grades one, two and three, a proportionate amount of a reading specialist's salary and time in relation to the number of students assigned to the school is paid for by Title I funds. For example, if a reading specialist has been assigned 50 students to serve, which would be 55 percent of the students scoring in the bottom quartile in reading at that school, then that would indicate the need for seven Title I classes and thus .63 FTE teacher time is Title I funded. The rest of the reading specialist's time is paid for by Adams County School District No. 12, so that there is at least one reading teacher at each elementary school. During their district-paid time, teachers may serve the overflow of eligible Title I students in grades one, two and three, or other students who are low-achievers in reading in grades four, five and six, depending upon individual school needs.

It is also important to note that the school district, in essence, continued the secondary reading program previously funded by Title I since the Board of Education allocated funds, in conjunction with the NIE demonstration changes, for reading teachers in the secondary buildings.

The district is supporting compensatory programs at the rate of $232,000 a year in comparison to our Title I allocation of $168,000. We feel that there have been a number of benefits resulting from this demonstration site. First of all, there has been coordination with the district. This coordination of district financial support with Title I funds has been one of the greatest benefits of the NIE study, in our estimation. The fact that the district has provided even more than matching funds has resulted in the most complete compensatory education program the district has ever had. This option has never been open before since it would legally conflict with the supplanting regulation. But far from supplanting district effort, this opportunity for a program coordinated both financially and programmatically between Title I and the district has actually provided for the greatest amount of supplementary services which has to date been available in District No. 12.

It became District 12's philosophy to allocate as much of its own resources to the compensatory effort as possible in order to not miss any children in any school who were the lowest achieving.

A secondary benefit was parent support. The parents were concerned about the way Title I funds were being allocated according to poverty criteria, and they were interested in changing the project to serve according to achievement criteria. When we did the change and were accepted as a demonstration site, they were quite pleased and highly supported the kind of demonstration that was going on.

Chairman **Perkins**. I want to interrupt you at this time. We have a quorum call, and I will have to attend another meeting. Mr. Quie and other Members will be here, but before I leave, I would like to ask Mrs. Davis a question: Yesterday, one of the witnesses, Dr. Paslov, testified about the positive effects of Title I. In particular, he said he had been a teacher in a school district in a poor neighborhood before 1965 and knew that poor children and poor students were neglected by the school district.

He also testified to the fact that the situation has changed enormously since 1965 due directly to the impact that Title I has had in those local school districts. I happen to agree with Dr. Paslov that Title I has helped us to serve poor children who were being neglected before.

I also am concerned that if we remove the safeguards which focus the funds on those children, school districts may fall back into their old ways of doing things, namely, responding the most to the pressures from middle-class parents. That is one reason why I am concerned about Mr. Quie's bill. Tests are not something which are totally unbiased or purely objective.

In your neighboring school district of Winston-Salem, when they participated in the NIE experiment, they used one test one year and qualified 27 schools. Then this year they used another test and only qualified two schools.

I wonder myself whether school districts might choose a particular test or a particular cut-off point on a test in order to favor middle-class students over poor students. Do you have any of these same fears?

Mrs. **Davis**. I think you referred to Winston-Salem. I am Charlotte-Mecklenburg.

Chairman **Perkins**. But they are neighbors.

Mrs. **Davis**. We didn't lose schools like that, nor did we change tests. We kept the same test and the same criteria both years. We do not fear the loss of that or any changing in test just to qualify schools. We believe our children, after the desegregation order, are all in our elementary schools, and we believe the safeguards can be built into the program that will assure that these children are served just as well.

We have some schools in our affluent section where I know personally there are any number of low-income educationally deprived children, but they are not being served because they are in these affluent schools.

Chairman **Perkins**. All right. Let me ask another question. You stated one of the major reasons you were in favor of Mr. Quie's bill was that Charlotte-Mecklenburg was having difficulty trying to follow the child with Title I services after the school district had undergone desegregation. In 1974, Congress amended the Title I statute in order to give school districts more flexibility in choosing Title I schools. The particular amendment permitted a school district to either retain the old method of making schools in poor neighborhoods as Title I schools or making any school in a district a Title I school if that school had a proportion of poor children which was the same as the proportion of poor children in the poor Title I schools.

Did you try this new method which gives a school district more flexibility after 1974?

Mrs. **Davis**. We did; for the 1974-75 and the 1975-76 school year we had six schools that we used under the grandfather clause that were no longer eligible but cut off. I think it was 25.4 percent, and they were a little more, so we kept them in the program during those two years under the poverty or low-income guidelines. We didn't do it under NIE.

First of all, we didn't do it during the demonstration project simply because we didn't have enough money to serve the ones we were serving for all the needs, as I mentioned. We have about 4,000 youngsters still unserved.

Chairman **Perkins**. Mr. Bippus, I want to ask you a question. You know the Quie bill proposes testing 7-year-olds in order to distribute funds among States for Title I. I am somewhat concerned about that provision since there is a great difference among the States in terms of how long their 7-year-olds have been in school. Nine States have more than 80 percent of their 5-and-6-year-olds enrolled in school, whereas 13 States have less than 60 percent of their 5-and-6-year-olds enrolled in schools.

This difference among the States would seem to result in less money going to those States which have tried to establish kindergarten programs since those children would be more used to a school and would probably do better on a test.

Do you have the same concern about testing children so young for purposes of distributing funds?

Mr. **Bippus**. It is interesting that you asked me that question; because of the main components of his bill that I am concerned about, that is one of the biggest ones. I have concerns about testing 7-year-olds because of the validity of the 7-year-old, but the basic concept which is being presented, I support. But I do have some concerns with 7-year-olds.

Chairman **Perkins**. You are fearful it may work to the detriment of the disadvantaged?

Mr. **Bippus**. No, I am not worried about that. I am worried about it not being the best vehicle to meet the educational needs of the kids.

Chairman **Perkins**. All right.

Mr. **Bippus**. May I ask you one question?

Chairman **Perkins**. Yes.

Mr. **Bippus**. Do you assume that if a person receives a good education, it would eliminate poverty?

Chairman **Perkins**. Yes.

Mr. **Bippus**. OK.

Chairman **Perkins**. Now, Ms. Fournier, in your testimony on page 4, you urge that the tests which would result from the adoption of Mr. Quie's bill should be administered in the native language of minorities, and the results should not be used to assign children to educable mentally retarded classes. Could you tell us how tests which are administered nationally could be administered in the native language of minorities?

Ms. **Fournier**. That is one of the things I am presently wrestling with you on, where the fact that Congress does have school districts under some mandatory orders that they would meet the needs of national origin minority students, and either we will meet these needs and test these children, they must be able to articulate and matriculate in classes of their grade level in their normal language. Unless we are able to test them in this manner, we will test them with the national test, someone will do it in English. You must have bilingual people to administer these tests and translate the meaning of these tests into that of the bilingual child. Otherwise, we will penalize those children who come to this country, and they are going to end up in these special mentally retarded classes.

Sir, I tell you it is happening now even with our native Americans in many instances, because we are not able to administer tests that are totally free of bias.

Mr. **Quie** (presiding). Mrs. Tennant, you can proceed.

Mrs. **Tennant**. As I was saying, parents did highly support the concept of serving according to the achievement method. First of all, they felt it took away the welfare stigma that sometimes accompanies Title I as presently being served. Also, they felt it was a very good idea to have all students who were at educational need to have the opportunity to be served by Title I funds.

There have been a number of problems which have resulted from using the poverty criteria as it previously is needed to do in the Title I program. When only certain target schools are selected, the parents ask a number of questions. What does one tell parents in a noneligible school when they ask why their low-achieving child cannot be served in the same way as the child down the road in a target school? What is the answer for the parents who move within the school district from a target school to a non-target school area and suddenly their child can no longer receive the kind of services he had previously? And how can it be justified that students in target schools are receiving services when there are so many students at ineligible schools who are actually having even greater achievement problems? The demonstration changes from target school selection on the basis of poverty criteria to school eligibility based on achievement measures solves these difficulties.

The parents were also interested in supporting the concept of early intervention. They felt if early intervention could occur and services could be given consistently that it would definitely change the look of remedial problems that would occur later on.

Although there has not been enough time to determine if it will actually happen, another reason that we did want to have the NIE grant pursued is that the early intervention in grades, one, two and three at every elementary school ought to have positive results on students' scores in later years. When only certain elementary schools are being served, then students from the non-target schools enter the junior high school with unremediated reading problems, and the same circumstances occur from the junior high to the senior high level. When a comprehensive program can be provided in every elementary school, it is predictable that later remedial problems will be greatly lessened.

Many other benefits of the demonstration have been observed. One of the most important of these is that a quality program can now help more educationally needy children in more schools. Having a Title I program in each elementary school has been an extremely useful tool for disseminating successful Title I practices. Parental involvement, for example, has been a strong component of the Title I program, and this has resulted in increased parental involvement in general at many of the elementary schools. Also, the Title I program has some fine teachers of reading who share their expertise and ideas with the regular school staff, thus diffusing exemplary practices in the teaching of reading. The Federal moneys, therefore, have even more positive spin-offs than they do when limited to certain schools only.

Another benefit has been that a broader base of support has been demonstrated. Principals and teachers who didn't have Title I services previously did want them. They used to ask why they couldn't have it, too. Fund allocations to these schools that previously did not receive Title I funds have been appreciated and well used. It is difficult to exactly allocate funds to schools on the basis of the proportionate number of children that they have, although an approximate allocation is a much better way of going.

Former target school principals and teachers agreed with the basic philosophy of serving those students with the greatest need no matter in what school they resided. Also, more people in every level, teachers, principals and parents, are involved in Title I at this point and know what Title I moneys are doing and support the program.

Finally, using the achievement criteria is more accurate, timely and to the point. Adams County School District No. 12 began with the philosophy of serving those students with the greatest need no matter in what school they resided. Parents, teachers, and administrators all seem to be very positive, on the whole, concerning this demonstration and would like to see it continue.

Adams County School District No. 12 began with a philosophy which coincided with providing Title I services according to achievement need, and this philosophy has only been strengthened during the demonstration period. Basing funds to school districts on the 1970 census and other figures are inaccurate and do not result to school districts like ours who have increased enrollments at high rates. In 1960, we had 2,000 enrolled in the district in comparison to 19,000 at the present time. It is sometimes assumed that targeting schools according to achievement or poverty would coincide and target identical schools, but although this is often the case, it does not always hold true. The second highest school in our district as far as achievement need would never be eligible according to the welfare criteria and, as a matter of fact, ranks second to the bottom of the poverty list. The opposite is also true with one school ranking high on the eligible school list according to poverty but not having such a great need as far as achievement is concerned. These discrepancies provide even further encouragement to utilize actual achievement data. The changes brought about as a result of the demonstration did not seem to affect the quality of the Title I services. Extra staff hired for the program were highly trained. Achievement gains documented in years past were maintained. Parental involvement was also maintained at a high level. This was a real challenge, however, since there were 13 new schools who had to be newly educated concerning Title I. Parent advisory members were sometimes difficult to locate at the beginning of the year, since it takes time to generate enthusiasm, support and understanding of the program. This year, the task was much easier and might indicate the removal of mandatory school level parent advisory councils during the first year of any such change. It seems to those involved in the NIE demonstration in Adams County School District No. 12 that this is a sensible, viable, and potentially successful way of allocating Title I funds within a district. The many benefits which have resulted from the demonstration have been encouraging enough to make us strongly in favor of continuing in this mode. I hope you will consider this as being not only a feasible alternative but also the most logical step to take at this time.

Thank you.

[The prepared statement of Carolyn Tennant and attached tables follow:]

STATEMENT BY

MRS. CAROLYN TENNANT

SPECIAL PROGRAMS CONSULTANT

SCHOOL DISTRICT NO. 12, ADAMS COUNTY
11285 HIGHLINE DRIVE
DENVER, COLORADO 80233

ON HR7571 BEFORE THE

SUB-COMMITTEE ON

ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

U.S. HOUSE OF REPRESENTATIVES

NOVEMBER 3, 1978

School District No. 12, Adams County, Colorado is presently in its third year as one of the 13 sites designated by the National Institute of Education to demonstrate alternative ways to allocate ESEA Title I funds within the district. The major purpose of the demonstration effort has been to discover what consequences accrue as a result of utilizing achievement measures rather than poverty criteria for allocating Title I funds for schools.

The first year of the demonstration, 1975-76, operated as usual and thus served a dual role: (1) planning for the changes of the ensuing two years and (2) providing a research data base for comparison. In brief, the Title I program during the first year focused on improving reading skills with a minor emphasis in math. It served approximately 380 students in grades 1-12 in six of the school district's 25 schools. The three elementary schools, two junior high schools, and one senior high school being served that year were eligible for Title I services on the basis of highest concentration of poverty. Students were eligible for service if they were one year or more behind in their reading skills according to a standardized reading test.

The last two years of the demonstration have provided for some marked changes. Approximately 600 students in grades one, two, and three are being served in Title I at each of the district's 16 elementary schools. The primary emphasis is upon improvement of reading skills and, therefore, students become eligible for Title I service if they fall into the bottom quartile in reading on a standardized reading test. Funds do not allow for service to all eligible students and, therefore, 55% of the number placing in the bottom quartile are served at each school. A proportionate amount of a reading specialist's salary and time in relation to the number of students assigned to that school is paid for by Title I funds. For example, if a reading specialist has been assigned 50 students to serve (which would be 55% of the students scoring in the bottom quartile in reading at that school), then that would indicate the need for seven Title I classes and thus .63 FTE teacher time is Title I funded. The rest of the reading specialist's time is paid for by Adams County School District No. 12 so that there is at least one reading teacher at each elementary school. During their district-paid time, teachers may serve the overflow of eligible Title I students in grades one, two and three or other students who are low-achievers in reading in grades four, five and six, depending upon individual school needs.

It is also important to note that the school district, in essence, continued the secondary reading program previously funded by Title I since the Board of Education allocated funds, in conjunction with the NIE demonstration changes, for reading teachers in the secondary buildings.

This coordination of district financial support with Title I funds has been one of the greatest benefits of the NIE study. The fact that the district has provided even more than matching funds has resulted in the most complete compensatory education program the district has ever had. This option has never been open before since it would legally conflict with the supplanting regulation. Far from supplanting district effort, however, this opportunity for a program coordinated both financially and programmatically between Title I and the district has actually provided for the greatest amount of supplementary services which has to date been available in District No. 12.

It became District 12's philosophy to allocate as much of its own resources to the compensatory effort as possible in order to not miss any children in any school who were the lowest achieving. Under the former poverty criteria, low-achieving students could not be served unless they happened to reside in a target school boundary area. This created a number of problems. For example, what does one tell parents in a non-eligible school when they ask why their low-achieving child can't be served in the same way as the child down the road in a target school? What is the answer for the parents who move within the school district from a target school to a non-target school area and suddenly their child can no longer receive the kind of special reading help he had previously? And how can it be justified that students in target schools are receiving services when there are so many students at ineligible schools who are actually having even greater achievement problems? The demonstration changes from target school selection on the basis of poverty criteria to school eligibility based on achievement measures solves these difficulties.

Although there has not been enough time to determine if it will actually happen, another reason that the NIE grant was originally pursued is that the early intervention in grades one, two and three at every elementary school ought to have positive results on students' scores in later years. When only certain elementary schools are being served, then students from the non-target schools enter the junior high school with unremediated reading problems, and the same circumstances occur from the junior high to the senior high level. When a comprehensive program can be provided in every elementary school, it is predictable that later remedial problems will be greatly lessened.

Many other benefits of the demonstration have been observed.

One of the most important of these is that a quality program can now help more educationally needy children in more schools. Having a Title I program in each elementary school has been an extremely useful tool for disseminating successful Title I practices. Parental involvement, for example, has been a strong component of the Title I program and this has resulted in increased parental involvement in general at many of the elementary schools. Also, the Title I program has some fine teachers of reading who share their expertise and ideas with the regular school staff, thus diffusing exemplary practices in the teaching of reading. The federal monies, therefore, have even more positive spin-offs than they do when limited to certain schools only.

The changes brought about as a result of the demonstration did not seem to affect the quality of the Title I services. The extra staff hired for the program were all highly trained. The high achievement gains documented in years past were maintained according to the statistics from the first demonstration year. Parental involvement was also maintained at a high level. This was a real challenge, however, since there were 13 new schools and parent populations who had to be newly educated concerning Title I. Parent Advisory Council members were sometimes difficult to locate at the beginning of the year since it takes time to generate enthusiasm and support of the program. This year, the task was much easier and this might, therefore, indicate the removal of mandatory school level advisory councils during the first year of any such change.

The demonstration changes were made with a minimum of problems. Former target school principals and teachers agreed with the basic philosophy of serving those students with the greatest need no matter in what school they resided. Parents, teachers, and administrators all seem to be very positive, on the whole, concerning this demonstration and would like to see it continue.

Adams County School District No. 12 began with a philosophy which coincided with providing Title I services according to achievement need, and this philosophy has only been strengthened during the demonstration period. The achievement criteria seems to be much more timely and accurate than the poverty measures. It is sometimes assumed that these two would target identical schools and, although that is often the case, it does not always hold true. The second highest school in District No. 12 as far as achievement need would never be eligible according to the welfare criteria and, as a matter of fact, ranks second to the bottom of the poverty list. The opposite is also true with one school ranking high on the eligible school list according to poverty but not having such a great need as far as achievement is concerned. These discrepancies provide even further encouragement to utilize actual achievement data.

It seems to those involved in the NIE demonstration in Adams County School District No. 12 that this is a sensible, viable, and potentially successful way of allocating Title I funds within a district. The many benefits which have resulted from the demonstration have been encouraging enough to make us strongly in favor of continuing in this mode. I hope you will consider this as being not only a feasible alternative but also the most logical step to take at this time.

Table 1A
Allocation 1976-77

School Name	Grade Span	Number enrolled	# under-achievers	% under-Achievers	School Rank	Served (list funding source)	$ allocation	Staff Teachers	Aides	# Students eligible	# Students server	% of eligible served
a	b	c	d	e	f	g	h	i		j	k	l
Centennial	1-3	710	82	11.55	8	Title I	$ 12,777	.56	.43	82	45	55%
Coronado (formerly Lucy Auld)	1-3	244	36	14.75	3	Title I	$ 18,201	.40	0	36	20	55%
Eastlake	1-3	218	16	7.34	13	Title I	$ 3,281	.16	0	16	9	55%
Federal Heights	1-3	710	118	16.62	1	Title I	$ 16,058	.83	.75	118	65	55%
Hillcrest	1-3	536	27	5.04	14	Title I	$ 4,920	.24	0	27	15	55%
Hulstrom	1-3	444	51	11.49	9	Title I	$ 11,482	.40	0	51	32	55%
Leroy	1-3	711	81	11.39	10	Title I	$ 12,778	.67	.38	81	45	55%
Mallay	1-3	730	36	4.93	15	Title I	$ 8,201	.46	0	36	20	55%
McElwain	1-3	602	79	13.12	6	Title I	$ 12,778	.57	.38	79	43	55%
North Mor	1-3	537	70	13.04	7	Title I	$ 12,777	.56	.38	70	39	55%
North Star	1-3	731	77	10.53	11	Title I	$ 12,778	.44	.38	77	42	55%
Stukey	1-3	613	52	8.48	12	Title I	$ 9,841	.43	0	52	29	55%
Thornton	1-3	606	92	15.18	2	Title I	$ 12,777	.63	.43	92	51	55%
Westview	1-3	791	33	4.17	16	Title I	$ 8,202	.47	0	33	18	55%
Woodglen	1-3	743	109	14.67	4	Title I	$ 14,416	.54	.43	109	60	55%
Wyco	1-3	791	106	13.40	5	Title I	$ 14,416	.64	.43	106	58	55%
TOTALS		9,717	1,065				$ 185,683	8.00	3.99	1,065	591	

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Table IB
Planned allocation, 1977-78

School Name	Grade Span	Number enroll-ed	# under-achievers	% under-achievers	School Rank	To be served (list funding source)	$ allo-cation	Staff Teach-ers	Staff Aides	# students eligible	# students served	% of eligible served
a	b	c	d	e	f	g	h	i		j	k	l
Centennial	1-3	712	77	10.81	6	Title I	$12,978	.63	.43	77	42	55%
Coronado (formerly Lucy Auld)	1-3	288	52	18.05	2	Title I	$11,122	.54	0	52	29	55%
Eastlake	1-3	213	20	9.39	11	Title I	$ 3,708	.17	0	20	11	55%
Federal Heights	1-3	775	140	18.06	1	Title I	$22,245	.63 .46	.75	140	77	55%
Hillcrest	1-3	525	27	5.14	15	Title I	$ 5,562	.27	0	27	15	55%
Hulstrom	1-3	399	43	10.78	7	Title I	$ 9,269	.45	0	43	24 +3	55%
Leroy	1-3	690	54	7.83	12	Title I	$11,122	.54	0	54	30	55%
Malley	1-3	744	73	9.81	10	Title I	$11,122	.54	.38	73	40	55%
McElwain	1-3	576	35	6.08	14	Title I	$ 7,416	.36	0	35	19	55%
North Mor	1-3	550	79	14.36	4	Title I	$12,978	.63	.43	79	43	55%
North Star	1-3	813	87	10.70	8	Title I	$14,832	.72	.5	87	48	55%
Stukey	1-3	589	62	10.53	9	Title I	$11,122	.54	0	62	34	55%
Thornton	1-3	662	91	13.75	5	Title I	$12,977	.63	.5	91	50	55%
Westview	1-3	740	28	3.78	16	Title I	$ 5,562	.27	0	28	15	55%
Woodglen	1-3	813	131	16.11	3	Title I	$22,246	.54 .54	.43	131	72	55%
Wyco	1-3	730	54	7.40	13	Title I	$11,122	.54	0	54	30	55%
TOTALS		9,819	1,053				$185,383	9.0	3.42	1,053	579	

Table IC
Poverty data, 3 years

	1975-76					1976-77					1977-78				
School Name	enroll-ment	# poor	% poor	school rank	served? (list funding source)	enroll-ment	# poor	% poor	school rank	served? (list funding source)	enroll-ment	# poor	% poor	school rank	served? (list funding source)
Centennial	192	5	2.60	14		451	39	8.65	5	Title I	715	53	7.41	7	Title I
Coronado(formerly Lucy Auld)	238	7	2.94	13		246	12	4.88	9	Title I	497	47	9.46	4	Title I
Eastlake	227	24	10.57	3		219	15	6.85	8	Title I	216	1	.46	16	Title I
Federal Hts.	651	73	11.21	2	Title I	713	90	12.62	2	Title I	789	124	15.72	2	Title I
Hillcrest	555	42	7.57	5		545	16	2.94	13	Title I	535	19	3.55	10	Title I
Hulstrom	473	19	4.02	10		457	21	4.60	10	Title I	406	12	2.96	11	Title I
Leroy	666	24	3.60	11		715	31	4.34	11	Title I	703	31	4.41	8	Title I
Malley	766	43	5.61	7		738	24	3.25	12	Title I	757	11	1.45	15	Title I
McElwain	664	56	8.43	4	Title I	655	68	10.38	4	Title I	382	24	6.28	9	Title I
North Mor	500	13	2.60	14		539	76	14.10	1	Title I	560	43	13.57	3	Title I
North Star	804	38	4.73	8		738	59	7.99	7	Title I	847	79	9.33	5	Title I
Stukey	595	34	5.71	6		632	51	8.07	6	Title I	599	50	8.35	6	Title I
Thornton	575	150	26.09	1	Title I	621	67	10.79	3	Title I	674	113	16.76	1	Title I
Westview	755	18	2.32	16		822	14	1.70	16	Title I	753	16	2.12	12	Title I
Woodglen	648	20	3.09	12		746	13	1.74	15	Title I	847	16	1.89	14	Title I
Wyco	850	36	4.22	9		796	17	2.14	14	Title I	743	19	2.56	12	Title I
Coronado Jr.	563	56	9.95	1	Title I	596	49	8.22	2		NA	NA	NA	NA	
Huron	528	26	4.92	5		551	15	2.72	7		531	3	.56	6	
Merit Hutton	619	49	7.92	2	Title I	606	44	7.26	3		912	112	12.28	1	
Northeast Jr.	1,135	31	2.62	6		1,117	35	3.13	6		987	26	2.59	5	
Northglenn Jr.	751	47	6.26	4		740	34	4.59	5		740	31	4.11	4	
Pecos Jr.	629	44	6.99	3		640	46	7.19	4		951	70	7.23	2	
Westlake Village	231	6	2.60	7		509	44	8.65	1		514	34	5.92	3	
Northglenn Sr.	2,544	80	3.14	2		2,642	89	3.37	2		3,012	84	2.79	2	
Thornton Sr.	1,707	78	4.57	1	Title I	1,713	135	7.88	1		2,356	134	5.69	1	
TOTALS	17,886	1,019		-		18,747	1,104				20,135	1,185			

Mr. Quie. Thank you, Mrs. Tennant.

We will now hear from Hazel Fournier. Without objection, Ms. Fournier's statement will be placed in the record.

[The information referred to follows:]

Prepared Statement by Hazel H. Fournier, Assistant Superintendent, Mobile County Public Schools, Mobile, Ala.

TO THE HONORABLE MEMBERS OF THE U.S. HOUSE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION, I, HAZEL H. FOURNIER, CONSIDER IT A PRIVILEGE TO APPEAR BEFORE YOU TODAY ON BEHALF OF THE CHILDREN OF THE SOUTH IN GENERAL AND OF THE STATE OF ALABAMA IN PARTICULAR. AS A MEMBER OF A TRIPLE MINORITY - BLACK, FEMALE AND SOUTHERN - A PRODUCT OF A DUAL SCHOOL SYSTEM AND AN EDUCATOR OF 24 YEARS (9 YEARS IN A CLASSROOM, 7 YEARS AS AN OLD FASHIONED ATTENDANCE OFFICER AND 6 YEARS OF EXPERIENCE IN GENERAL ADMINISTRATION WORKING SPECIFICALLY WITH PROBLEMS OF DESEGREGATION, I FIRMLY BELIEVE THAT MY EXPERIENCES HAVE MORE THAN ADEQUATELY PREPARED ME TO BE SENSITIVE TO THE NEEDS OF DEPRIVED CHILDREN. YOU MAY NOTE THAT I WAS REARED IN A HOME WHERE THERE WERE SIX CHILDREN, MY MOTHER WAS A DOMESTIC AND MY STEP-FATHER A CUSTODIAN.

AS A STUDENT OF THOREAU, I AM IMPRESSED WITH HIS STATEMENT THAT READS:

> "IF A MAN DOES NOT KEEP PACE WITH HIS COMPANIONS, PERHAPS IT IS BECAUSE HE HEARS A DIFFERENT DRUMMER. LET HIM STEP TO THE MUSIC WHICH HE HEARS, HOWEVER MEASURED OR FAR AWAY."
>
> HENRY DAVID THOREAU

OBVIOUSLY, I AM HEARING A DIFFERENT DRUMMER BECAUSE TODAY I AM REINFORCING THE FACT THAT I AM A MINORITY FROM THE PERSPECTIVE OF WHOLE-HEARTEDLY SUPPORTING THE FOLLOWING:

1. THE ALLOCATION OF FUNDS ON THE BASIS OF EDUCATIONAL NEEDS AND ACHIEVEMENT RATHER THAN THE ATTENDANCE ZONE CONCEPT. SCHOOL ATTENDANCE ZONES AND HOUSING PATTERNS

ARE CONSTANTLY UNDERGOING CHANGES AND THE UTILIZATION OF OBSOLETE CENSUS DATA USUALLY RESULTS IN THE BELATED DELIVERY OF SERVICES. ELIGIBILITY FOR TITLE 1 SERVICES UNDER THE PRESENT LOW-INCOME STATUS EQUATES THE PROGRAM TO ONE OF WELFARE AND IT IS DEGRADING TO THE RECIPIENTS. FURTHERMORE, SUCH AN EQUATION STIGMATIZES THE CHILDREN AND REINFORCES THE NEGATIVE SELF-CONCEPT. IT IS UNFORTUNATE THAT SUCH AN EDUCATIONAL ACT SERVES AS A REWARD FOR LOW ECONOMIC STATUS AND SIMULTANEOUSLY REINFORCES THE NEGATIVE SELF-CONCEPT OF THE RECIPIENTS.

UNDER THE DESEGREGATION PROCESS WHERE MANY INNER CITY CHILDREN WERE TRANSFERRED TO THE MORE AFFLUENT COMMUNITIES THEY WERE NO LONGER ELIGIBLE FOR TITLE 1 ASSISTANCE. HOWEVER, THE EDUCATIONAL NEED REMAINED, AND IN SOME INSTANCES, THE LEARNING DISPARITY EITHER INCREASED OR BECAME MORE PRONOUNCED. THIS, IN EFFECT, PENALIZED THE CHILDREN FOR WHOM THE ACT WAS DESIGNED TO SERVE.

2. THE NEED TO TEST STUDENTS AS IT RELATES TO VALIDATING THE ACHIEVEMENT LEVEL AND SUBSTANTIATING A NEED FOR FUNDS APPEARS TO BE REASONABLE AND EQUITABLE. I WOULD ASK THAT STRONG GUIDELINES BE DEVELOPED SO THAT THE TEST WOULD BE COMPLETELY FREE OF NATIONAL BIASES. IF A PICTURE APPEARS OF A HOT DOG, THERE SHOULD ALSO APPEAR A PICTURE OF AN ENCHILADA: IF THERE IS KALE, I WOULD LIKE TO SEE TURNIP GREENS: IF THERE IS A STALK OF WHEAT, I WOULD LIKE

TO ALSO SEE A COTTON PLANT SO ALL CHILDREN THROUGHOUT THIS NATION WOULD HAVE AN EQUAL OPPORTUNITY OF RELATING TO THE TEST ITEMS AND IDENTIFYING THEM.

THERE IS A MESSAGE IN TEST SCORES, HOWEVER, THEY ARE NOT TO BE ACCEPTED AS AN END IN THEMSELVES. IT MAY BE THAT WE ARE NOT TESTING WHAT WE HAVE TAUGHT; ON THE OTHER HAND IT MAY BE THAT WE HAVE NOT TAUGHT WHAT WE SHOULD HAVE. GENTLEMEN, I SUPPORT NATIONAL TESTING BECAUSE, AS AN ADMINISTRATOR, I AM NOT EMBARRASSED BY THE QUALITY OF EDUCATION PROVIDED BY OUR SOUTHERN STATES. A STUDENT WITH THE SKILLS TO SYLLABICATE OR DECODE A WORD IN THE SOUTH CAN DO LIKEWISE IN THE NORTH OR WEST. I AM NOT AN EDUCATOR EDUCATING CHILDREN FOR A SPECIFIC STATE OR A SPECIFIC REGION. WE ARE LIVING IN A JET AGE AND I PREDICT THAT WITHIN THE NEXT 50 YEARS, WE WILL NOT BE ADDRESSING THE ISSUES OF NATIONAL COMPETENCY TESTS, WE WILL BE ADDRESSING THE ISSUES OF UNIVERSAL COMPETENCY TESTS. YOU SEE, THE CHILD WHO SITS IN A FIRST GRADE CLASSROOM IN MOBILE, ALABAMA IN 1977-78 COULD VERY WELL SEEK EMPLOYMENT IN CHICAGO IN 1989.

AS EDUCATORS, WE HAVE THE OPTION OF EQUIPPING A CHILD WITH THE BASIC SURVIVAL SKILLS SO HE OR SHE WILL HAVE AN EQUAL OPPORTUNITY TO SEEK AND SECURE GAINFUL EMPLOYMENT. OTHER OPTIONS WILL BE TO PLACE HIM ON OUR WELFARE ROLLS OR TAKE CARE OF HIM IN ONE OF OUR INSTITUTIONS.

IF GIVEN THE OPTIONS OF (A) EDUCATING A CHILD SO HE CAN COMPETE ON A NATIONAL LEVEL AND BECOME A TAXPAYING CONTRIBUTING MEMBER OF SOCIETY, (B) BECOMING A CANDIDATE FOR THE INCREASING WELFARE ROLLS, OR (C) A CANDIDATE FOR OUR ALREADY OVER-CROWDED UNDER-STAFFED SELF-PERPETUATING PENAL INSTITUTIONS, I WOULD PERSONALLY TAKE QUALITY EDUCATION BASED ON MINIMAL PERFORMANCE SKILLS.

TESTS SHOULD BE ADMINISTERED IN THE NATIVE LANGUAGE OF MINORITIES AND, GENTLEMEN, EVERY EFFORT SHOULD BE MADE TO INSURE MINORITIES THAT SUCH COMPETENCY TESTS SHALL NOT BE USED TO ASSIGN THEM TO EMR - EDUCABLE MENTALLY RETARDED OR IMR - TRAINABLE MENTALLY RETARDED CLASSES.

3. THE PROPOSED THREE PER CENT FORMULA FOR THE EDUCATIONALLY DISADVANTAGED POPULATION WOULD QUALIFY VIRTUALLY EVERY SCHOOL DISTRICT THAT MET OTHER ELIGIBILITY REQUIREMENTS. I HAVE A MAJOR CONCERN REGARDING THE FORMULA THAT QUALIFIES A SCHOOL AND NOT A CHILD FOR SERVICES IN THE TITLE 1 PROGRAM. SUCH A FORMULA DENIES MANY INNER CITY PARTICIPANTS THE RIGHT TO BENEFIT FROM THE PROGRAM. THIS IS PARTICULARLY SO AS MANY OF THESE INNER CITY CHILDREN HAVE BEEN TRANSFERRED TO THE SUBURBAN SCHOOLS AS PART OF THE DESEGREGATION PROCESS AND THE SCHOOLS THEY ARE PRESENTLY ASSIGNED TO DO NOT QUALIFY THEM FOR TITLE 1 AID. MY CONCERN GOES BEYOND THAT OF THE INNER CITY CHILD. TITLE 1 BENEFITS SHOULD BE PROVIDED FOR

ANY CHILD WHO NEEDS THE EDUCATIONAL HELP THAT THE PROGRAM PROVIDES.

I CANNOT EQUATE UNDER-ACHIEVEMENT WITH POVERTY, AND I FIND THAT PROVIDING A GRATUITY BASED ON POVERTY IS A NEGATIVE REINFORCEMENT AND IS NOT CONSISTENT WITH THE AMERICAN DREAM!!! IN FACT MANY CHILDREN ARE GROWING UP GETTING FREE LUNCHES, FREE MEDICAL SERVICES, AND TEXTBOOKS, AND ARE BECOMING A PART OF THE SELF-PERPETUATING WELFARE SYSTEM THINKING THE WORLD OWES THEM A LIVING WITHOUT ACCEPTING THE RESPONSIBILITY FOR SUPPORTING OUR GREAT SOCIETY.

AN EXAMPLE OF THE PRESENT FORMULA THAT QUALIFIES A SCHOOL BUT NOT A CHILD, AND HURTS THE INNER CITY CHILD WHO HAS BEEN TRANSFERRED TO A SUBURBAN SCHOOL IN THE DESEGREGATION PROCESS, IS:

7 of 50 ELEMENTARY SCHOOLS IN MOBILE COUNTY

ENROLLMENT 1976-77

School	Black	White	Total
Dodge	204	581	785
Shepard	86	236	322
Forest Hill	104	368	472
Will	155	332	487
Westlawn	100	470	570
Orchard	130	687	817
Austin	76	220	296
Total	855	2,894	3,749

ALL OF THESE BLACK STUDENTS FORMERLY ATTENDED ALL BLACK SCHOOLS IN THE INNER CITY AND QUALIFIED AS TITLE 1 RECIPIENTS. THIS SMALL EXAMPLE REFLECTS THAT A TOTAL OF 855 BLACKS NO LONGER ARE ABLE TO RECEIVE THE BENEFITS OF TITLE 1 BECAUSE THEIR SCHOOL NO LONGER QUALIFIES. A CLASSIC EXAMPLE OF THE FACT THAT WHEN A DISTRICT ATTEMPTS TO DESEGREGATE ITS SCHOOLS, MANY TIMES THE CHILD THAT THE PLAN IS DESIGNED TO AID IS DENIED MANY OF THE BENEFITS.

4. THE DESIGNATION OF 80 PER CENT OF THE FUNDS WITHIN THE STATE FOR READING, MATHEMATICS AND LANGUAGE IS MOST APPROPRIATE AS THESE ARE THE SURVIVAL SKILLS CHILDREN MUST ACQUIRE IF THEY ARE TO MOVE INTO THE MAINSTREAM OF OUR AMERICAN SOCIETY.
5. STATE DEPARTMENTS OF EDUCATION AND LOCAL EDUCATIONAL AUTHORITIES SHOULD BE HELD ACCOUNTABLE FOR THE COORDINATION OF THE TITLE 1 PROGRAM WITH THE EXISTING EDUCATIONAL PROGRAMS FUNDED FROM LOCAL FUNDS.
6. I BELIEVE IT IS APPROPRIATE TO ADDRESS THE BILINGUAL PROGRAM AS SCHOOL DISTRICTS ARE CURRENTLY FACED WITH IMPLEMENTING THE LAU VS. NICHOLS DECISION WHILE ONLY LIMITED TECHNICAL ASSISTANCE HAS BEEN PROVIDED AND NO FUNDS HAVE BEEN MADE AVAILABLE TO ADDRESS THIS NEED.

I HAVE SOME RESERVATIONS IN THE FOLLOWING AREAS:

1. I SINCERELY HOPE THE COMPONENTS IN THE AMENDMENT OF TITLE 1 OF ESEA WHICH PROVIDE IMPROVED NUTRITION,

TREATMENT AND PREVENTION OF DISEASE AND DISABILITIES, WILL NOT BE JEOPARDIZED. A FAILURE TO ADDRESS THE PHYSICAL NEEDS OF THESE CHILDREN WILL HAVE AN ADVERSE AFFECT ON ANY ACADEMIC PROGRAM.

2. AS THE COMMISSIONER WILL BE AUTHORIZED TO APPROVE THE PLANS DEVELOPED BY THE STATE, UNLESS SPECIFIC TIME TABLES ARE ESTABLISHED, THAT ARE FAIR AND EQUITABLE, THIS COULD RESULT IN A DELAY IN IMPLEMENTING THE PLAN. I STATE THIS CONCERN AS FREQUENT GUIDELINES DEVELOPED FOR IMPLEMENTING CONGRESSIONAL ACTS BECOME SO DETAILED AND CUMBERSOME IN MINUTIA THAT THE ORIGINAL INTENT OF CONGRESS IS LOST OR NULLIFIED.

IN THE ESSENSE OF TIME AND SPACE I HAVE NOT COMMENTED ON EVERY COMPONENT OF THE BILL; HOWEVER, I WOULD LIKE TO EXPRESS MY APPRECIATION FOR HAVING BEEN AFFORDED THE OPPORTUNITY TO SHARE MY THINKING ON THE PROPOSED LEGISLATION.

STATEMENT OF HAZEL H. FOURNIER

Ms. FOURNIER. I am Hazel H. Fournier, and I would like to thank you for having invited me here. I shall skip some preliminaries I have noted, but I did note I obviously was hearing a different drummer today because the fact that I am a minority, I am wholeheartedly supporting the following: One, the allocation of funds on the basis of educational needs and achievement rather than on attendance. These changes in terms of attendance zones and income, to me, equate the program to one of welfare, and it is degrading to the recipient.

Furthermore, the equation stigmatizes the children, and it reinforces that negative self-concept. I wish to note that some of the data is obsolete, degrading, and it is a reward that is given for the wrong reason. It is a reward that is given to the children for being poor, not for being educationally unachievers.

I would like to ask, and I am going through this because I think some of it has been said, I think the need to test students as it relates to validating the achievement level and substantiating the need for funds appears to be reasonable, and I would note that guidelines should be developed so that the tests would be completely free of national biases. If a picture appears of a hotdog, there should also be a picture of an enchilada. If there is kale, I would ask you to put in turnip greens. If there is a stalk of wheat, I would like to see a cotton plant, so all children throughout the country would have an equal opportunity of relating to the test items and identifying them. If there is tobacco, I ask you to put soybeans on this. This is a concern as relates to testing.

Our tests are frequently developed in one area and, of course, we give them throughout the nation, and they are not regional or culturally free of in-built biases.

I would note as I make this presentation, and I do want to digress from it, my reason for asking that there would be minimum educational standards for an achievement, because, gentlemen, I note that we have minimum standards for everything in this country but for education. You have minimum standards and guidelines for automobiles and miles per gallon now. You have minimum standards for the Food and Drug Administration. Our textbooks are developed by national reading firms and distributed throughout this country, but we have no minimum standards for children to achieve, and it is very conceivable that I, Hazel Fournier, will influence the life of a child in Mobile, Alabama, who will be seeking employment in Washington, New York, or Detroit, and will be competing with children who have achieved on that level in those various cities.

I do not mean to equate that our achievement is that poor, but I do think that we should have some minimum performance standards and some minimum expectation standards for our educational process. I think that we should say to school districts who are recipients that they should be accountable in terms of developing some survival skills so these kids will be able to move from our welfare roles and not end up in our overcrowded, undersupported, understaffed penal institutions which reinforces this negative self-concept.

I also feel like children frequently who participate in Title I programs, and in our school district this is based on the fact of income; if you qualify for free lunch based on income, you qualify to be a Title I recipient. Now I am going to tell you we are in a tailspin. We are living in a free giveaway society, and these kids get no concept of what it means to become a contributing member of our society.

I would like to express an additional concern, as I have identified it on page 5. Those who have had to go through the process of desegregating our schools have frequently received court orders that mandated that innercity schools would be closed completely and the children who previously attended would be forced to be transferred either by buses or the district lines have been redrawn and they have been put into some more affluent schools and with the placing of these children in the more affluent community, they lose their right to participate in a Title I program because the school no longer qualifies.

Well, you know, we are not in the business of qualifying schools; we should be in the business of educating children and meeting their needs.

I have cited, and I would like for the record to show, that five of our schools here that are on the other side of imaginary I-65 line, which our court order is based on, we were to transfer these children on the other side of I-65, which was the cut-off line for the affluent schools, and you will note there that 855 children who were in innercity schools and they previously qualified to participate in the Title I program have been denied the benefits of this program.

So I say to you that frequently school districts who are faced with desegregating its schools will, in essence, force these children into schools whereby they will be denied the benefits of the Title I program, a program that was designed primarily to meet their needs.

I think that the 80 percent of the funds should be allocated for reading and math, because these are survival skills. I think State departments and local education authorities should be held accountable and should, of course, be held accountable to the extent they would be willing to support these and support them with matching funds from our local funds, and I believe it would be appropriate to address the bilingual program as school districts under *Lau* vs. *Nichols*, are, of course, having to address the problem and having to work with these children coming into our school district; so they have a need, too, that is unique, and it has not been met.

In many systems you have to meet it out of a general fund for two or three years until you can find the funds to address it in some other place.

I have some reservations. I would not like to see that the component as it relates to nutrition and health changed. I think that there is some correlation between those underachievers and sometimes those poverty-stricken children who do have health needs, and this could have an adverse effect on any academic program.

The Commissioner, if he is authorized to approve State plans, I have a concern here that we would not get bogged down in guidelines that become so very detailed, and that it is very, very difficult to implement.

I would like to thank you for being able to appear before you, and I did not read this in its entirety because I believe that is my position, and I have stated it.

Mr. QUIE. Thank you very much.

Mr. Stanley Bippus.

STATEMENT OF STANLEY BIPPUS

Mr. BIPPUS. Thank you. My name is Stan Bippus. I am currently struggling through a dissertation at St. Louis University and working at Ball State as a consultant. I have been directing Title I programs in Alaska for seven years, and I was also a superintendent and assistant superintendent in Hunting County, Indiana, when I became involved in this action here.

I kind of have reservations about being here, because, as the bill reads, I don't really mind, as an administrator, operating under it, because it is so easy to operate, and I guess if I were very honest, no matter what happens from this bill, as an administrator, if I don't think it meets the needs of the kids, I will figure out a way to do it. I don't like to operate that way, and I think I do a better job if I am operating under guidelines I think are fair and accurate.

I think what has been proposed is the best way for most administrators to operate good Title I programs. Currently, I think it is very easy for us to cop out as administrators and say, well, we can't really help how much Title I moneys we have, because we are unfortunate to have a lot of poor people in our community, so there is not really any reflection on the school whatsoever, if we don't have kids there in Title I. Whereas if the need is based on educational need, then that can reflect by society directly on the school. And I think that is positive, because then society and school boards and everyone else will look at us and maybe make us make a little more accountable to what is really happening in the schools.

My main concern is the attitude in which people go at Title I, and I think because of what I just said, the attitude of educators is not as sincere as it ought to be in meeting the basic needs of kids.

Most of the training we receive as an administrator has to do with money, salaries, negotiations, and pupil service really isn't very high on our priority, mainly because society doesn't really understand those, and I think when that pressure is put on us that it's an educational need that will cause some pressure that I think we need to operate under.

In preparing for this testimony I talked to an awful lot to my colleagues, as well as State and Federal officials, and one thing that seemed very clear was that the people at the State and Federal level really don't want this bill to go through. I think the main reason they don't is because they like to operate out of convenience instead of need, and an awful lot of decisions we make are based on convenience.

The people, every person that I spoke to at the local level, and they were all of the people who made it work, they weren't the people that had to sign proposals and sign commitments, they were the people that were actually in the field, they all liked this type of approach. They are tired of making up numbers and they are tired of making up figures to meet the needs of the Federal Government, to get the basic funding that we need.

As I mentioned earlier, I don't like the 7-year-old part of the bill, because I have concerns about the validity of the testing, but I don't think it's any worse than the income that we currently are operating under. I lean more to a confidency based type criteria, I think, as Hazel alluded to, and I would hope that we do go beyond just the 7-year-olds, because if you test a 7-year old and he is one year below grade level, he is in the lowest 10 percent of the kids in this Nation, whereas if you test a student who is one year below grade level in the sixth grade, he is just below average, and I think there can be some distortion if we just use that criteria.

However, I also realize that is just at the State level, and so from the management point of view you are probably more knowledgeable about that than I, because it doesn't reflect on how I would have to dispense that on the local level.

Another concern is the fact that once it gets into the local schools, it has been brought up that you are rewarded for mediocrity. In other words, if you have low scores and they get lower, you are going to get more money, and if you are successful you are going to lose money, and I don't think that is a fair concern. Even though we are a capitalistic society and we base a lot of our things on money, I think that is one time that it's nice not to have any money, to say we don't need it here because our kids are operating on a level we think is acceptable.

Also, as I had stated earlier on in the written testimony, I kind of said when I was in Alaska about having our parent advisory committee beating the bushes to get people on welfare. But I almost think that that is one of the most effective things they can do under the system, because we are rewarded by the amount of people who are on welfare, and one of the things in our public schools we work very hard on is to get people to work, and I think that is a negative thing in our society when we have to base it on that.

I am in public schools because I am trying to help kids, and I think what I do should be based on the performance of those kids and not on the income of their parents or other adults in that community.

So, I do hope that the bill goes through. I guess if I were also honest I don't think that either one is going to have as significant an impact as it should unless we also start providing some inservice and providing some help to parents.

Most of our Title I families, the kids are performing because of their home environment and not because of school environment, and we talk about improving the quality of our students, and I also hope we also try to help to improve the quality of our parents, and then I think we will start seeing some significant gains in the growth of our kids.

Thank you.

Mr. QUIE. Thank you very much.

Why do you think, as you indicated in the end of your testimony, that local people support the changes that I have proposed and State and Federal people don't?

Mr. BIPPUS. The local people, we realize the inaccuracies of the data that we are getting, and we also don't really like the fact that we are running an educational system based on the income of adults, and it's easier for us, we think it's something we can identify with, it's something we can take credit for, and it's more of a motivating factor. It might even just be a psychological thing that is in their minds, but the State and Federal people I think are just locked in. They resist change, and it's easier, so they say, if you just take a census every 10 years and then the county submits a report and they allocate some money. This will be a little more challenging for everyone to do that on the State and Federal level; it's a little more work and I don't think they want that that bad.

Mr. QUIE. What I have run across from the State people is what they tell me privately. They tell me, can you imagine the political problems we would have if we decided how to distribute this money? It's much easier to shift it to say that is the way the law is, that is the way USOE tells us to do it. I know it's a concern of many, but we had a President once who said if you can't stand the heat get out of the kitchen, and I think that is what those people are being paid for.

What do you think would be the case? Suppose the suggestion you give and Mrs. Fournier indicated, of setting certain guidelines or minimum standards, what do you think would be the reaction if we did something of that nature? I would ask the two of you, and how do you think we ought to do it? There is a colleague, not on this committee, who has been pushing that idea. As you know, a number of States have and many people say they have a real concern about the Federal Government ever getting itself into setting minimum standards.

Could you address yourself to that question?

Mr. Bippus. I think you are going to have to live with the fact we are always going to think you are meddling in our affairs, so you might as well meddle. I guess if I can put myself in our position, if I give anybody any money I expect something in return, and I ought to know what I am going to expect in return. I will admit that I would be one that would be gripping very hard if you did that, because then I would think you are getting too involved. But I also feel it's right, and a lot of times things we like aren't necessarily right, and I think it's just a minimum thing you ought to have, if you are going to give me money, or the State or whoever. I think you ought to identify what the expected outcomes of Title I are. If we are successful, what is going to happen, and what will you accept as evidence that will happen, and if you don't do that, then I am going to do as I almost said and shouldn't have, do as I please.

There is not really too much from an accountability point of view you can do from here in Washington about that. If that is the kind of system you want to operate under, keep operating the way you are. But, you are going to have to tighten down if you want a product you can measure and evaluate.

Ms. Fournier. We live by them in the county in Mobile, and as it relates to Federal guidelines I do not believe that we have any input in some Federal guidelines. We live by them where we may object to them. I am taxed in Mobile, Alabama for Internal Revenue on my income at the same rate that someone is for Federal purposes in New York. I have no choice in that. I am also taxed by social security and I have no choice in that. It comes down, and I acquiesce based on my income.

Now, I would think that we would see a drastic change in the educational system in the United States if we were rewarded for success. This has been proved over and over and over again, that a child who has a positive self concept continues to achieve; the teacher who has a positive self-concept continues to achieve, but we reenforce these kinds of things. But if Congress, for example, decided one day to say we are going to reward the school system in the United States that has the highest level of achievement, what do you think would happen in other systems if we truly wanted a piece of the pie? We would start asking for a reward for having done a very good job rather than identifying a lot of poor people in certain pockets in the community.

That is a reenforcement, you know, keep these kids here, keep the dollars, and we serve 11,000 children in Mobile County in Title I and we get better than $5 million for that. I would like to see us serve perhaps 5,000 children and get $20 million. I would feel lots better about it. It would really mean something to me. As it relates to Federal guidelines, I don't fear them because, as a minority, I expect you to make those guidelines so I will be protected. Otherwise, I am not protected.

Mr. QUIE. Mrs. Davis, what is your reaction?

Mrs. DAVIS. So much has been said between the question and my time to answer I am not sure I remember the question, but nevertheless I think I do. But really, I don't see much difference; we are operating on the guidelines now, and when I present anything about Title I, I tell them it's a categorical program and I also tell them you don't have to take it. It's your choice; you can take a Title I program or not. But once you take it you have to live under the guidelines, and I don't see too much difference in that.

I have a daughter 21 years old, and I try to tell her when I am paying her tuition that you do this, you know. By the same token, I am taking your money to do a program so I think you have to have this. As I said to Mr. Perkins a few minutes ago, we can build in these safeguards that have to be built in, because if we don't then we do go awry and do what he says, what we want to do.

I really think that guidelines are important, but sometimes I wonder how many educators are included in the writing of the guidelines, because sometimes I don't think they hit or know what we are going through. I am not casting any aspersions anyway; I just wonder if there are any ever. I know you have a 45 minute day for input and things like that, but I wonder if any are really helping to write the guidelines so we can understand them.

I have been in certain places and they said, well, we don't do that, we are Title I. I said, well, we do. I am thinking interpretation is a little bit different from time to time, but for your question I don't see much difference. I think whatever you do, whatever kinds of guidelines would be just about acceptable as they are now.

Mr. QUIE. Mrs. Tennant, what is your reaction? Do you agree with the other three or do you have another view?

Mrs. TENNANT. I think that school districts who have administrators with expertise in planning need less guidelines. They can set up their own guidelines. Perhaps one of the things that is necessary is to encourage school districts who are able to set objectives, planning activities for reaching those objectives, and evaluate them carefully, have expertise in carrying them out, and doing careful planning within the district, should be allowed to set some of their own guidelines and rationale and might be one way of helping take off some of the Federal guidelines.

However, I think that some Federal guidelines are necessary in encouraging people to do those sorts of things, and it's a rough road sometimes to try to go down the middle line.

Mr. QUIE. Now, some people say that parent advisory committees will be very strongly opposed if we go from economic data to select or distribute money to achievement data or educational data. Now, you have faced that. Could you tell us what happened with you and the reaction in the community when you made this move?

Mrs. TENNANT. Our parent advisory council has been extremely supportive of serving according to achievement criteria. Our committee met on Tuesday, and I told them I was coming and asked them what they would say to you if they were to be here, and one of the parent's comments, which was I think representative of the entire committee, was that they felt that since their child had an educational need and usually would not be served under the former poverty criteria, that this had been a viable way to go that they would have had to expend their own funds personally to have that student served somewhere else, be tutored or something, in order to get this help, and that they felt that this was an extremely good program and that they had as much right to have their child involved in it as someone else who happened to live in a school on down the road that was a target school.

So, I think that if we are to have to change from the achievement criteria and go back to welfare statistics at this point, we are going to have a great deal of PR to do, and our parents are not going to be too pleased to have to return to the old poverty criteria measures.

Mr. QUIE. I would like to ask Mrs. Davis, too, if you are required. We just heard from Mrs. Tennant that they are going to be mighty displeased if they have to go back to the old economic data. What about yourself at Charlotte, now that the program is over the fact that you haven't changed the law and you are going back to the old way today.

Mrs. DAVIS. I think our parents and our staff would be upset if we have to go back to the old way. In the first place, we didn't have much trouble in changing. They were eager to change, and I think they would be upset now if they had to go back to the low-income guidelines. I really do.

Mr. QUIE. I recall when I was down in Charlotte where I believe it was a principal who, when she first heard about this shift and her school would be losing out, she was very unhappy, but when she said to us that she saw now how much more fair this was that even though her school lost out she figured this was the way to go.

Mrs. DAVIS. Yes. That is the general feeling.

Mr. QUIE. Let me ask you, you mentioned your concern about the interstate distribution, Mrs. Davis, using educational achievement. I know that is really the most serious concern, and that is why I started out with the districts. Most everybody can understand that one, and then because there are 22 States that have brought in some factor of educational achievement in their own programs, they can develop their own and it seems to be more of an acceptance. But there is a great reservation of going to this nationally. Part of it is that nobody has the charts because they don't know what tests are going to be used. I can see the reservation. But looking at the problem of North Carolina, it is my understanding that if we went to free lunches as the means of distributing poverty, North Carolina would lose substantially. If we went only on AFDC counts, not taking my historical Census information, North Carolina would lose substantially.

If we stay with the present formula, using the 5-year estimate that Census did, North Carolina will lose 22 percent. How do you come out on that anyway?

Mrs. DAVIS. I think if we go to the whole State, schools in North Carolina will gain. Looking at the State as a whole, I don't know, I think Charlotte-Mecklenburg itself might lose a little bit, but I think the State as a whole would gain.

Mr. QUIE. So your concern really is not because of where the money is going to go, just the concern that we can put those figures together accurately.

Mrs. DAVIS. Right, and that it will be fair.

Mr. QUIE. I recognize it is going to be a while before that acceptance will occur.

My colleague from Alabama is here, and I would like to yield to him to ask what questions he wants. Then, because of another committee I have this morning, I would say, Mr. Buchanan, that we let Mr. Jennings ask some questions.

Mrs. DAVIS. Might I ask a question before you begin?

Mr. QUIE. Yes.

Mrs. DAVIS. What is the feeling for the demonstration sites now? At the end of 1978 the demonstration NIE project will end. Will we have a choice, will we have an option, or will we have to go back depending on the outcome of our bill?

Mr. QUIE. Let me say if I were totally unsuccessful in getting my ideas across, I hope I would at least be successful enough to permit those districts that now have had an opportunity to experience the new land, that they would be permitted to continue to do so, and that we enable some other districts to enjoy that better education system themselves rather than hold them to the old one. So that is what I am going to be pushing for.

My hope, however, is that every school district at least will be able to move to a combination of economic and educational achievement or either one or the other. That is what I would like to see them move to first off.

Mr. Buchanan?

Mr. BUCHANAN. Thank you, Mr. Chairman.

Ms. Fournier, let me once again reflect our pride in Alabama in your leadership. I think I am going to have to just give you a perpetual apology. Unfortunately, I am vice-chairman of the Steel Caucus, and this was the hour set by the head of the President's Interagency Task Force to meet with us, and I was trying to help restore some bread to the mouths of my constituents in Birmingham, Alabama. So that is the only thing I would give higher priority than your testimony. But I have read it, and I must say you reflect either statesmanship, stateswomanship, or statespersonship, whichever you would prefer.

Ms. FOURNIER. Thank you.

Mr. BUCHANAN. You make a very impressive case regarding the formula in that it qualifies a school and not a child for services, You also cite statistics showing the effect on disadvantaged children who are transferred from one school to another in Mobile. I am sure you would agree that the same thing happens in cities like my own city of Birmingham or smaller places in Alabama like Selma, for example. This has been a pattern, and you could find similar statistics to those you cited in a number of situations. Would that not be the case?

Ms. FOURNIER. That is very, very true, so in essence, sir, what we do is we try to resolve one problem and we create another one, and we penalize the child by placing him in a school district under a court order that it would not qualify. So this is exactly what has happened and it has happened throughout the region 4, your Southern States in particular.

Now, there are some Northern States that have not been affected by it because they have not implemented the desegregation plans that we have. We are sort of caught in the middle, you know, we do if we do it, we do if we don't kind of situation. But this is just a classic example of seven schools, and we have this throughout the system, and you would have it in Birmingham, and if you had a court order that would merge Birmingham within Jefferson County, you would feel it even more drastically.

Mr. BUCHANAN. Yes, and perhaps we have more in the Jefferson County system than Birmingham. Would the same be true in North Carolina?

Mrs. DAVIS. Yes.

Mr. BUCHANAN. We have had witnesses during these hearings who have spoken about the parent advisory councils.

Ms. Fournier, in your own very great experience, how important and valuable do you consider parent involvement to be? Do you feel changes need to be made?

Ms. FOURNIER. I think parent involvement councils are very, very important. I think we are seeing them because we are getting a younger breed of parent now who have come up in the last ten years, who are more sensitive to the needs of their children and more responsive to the educational needs, so they are getting more involved. We have a very active parent involvement committee. I would hope though that parents would be educated. They need to be educated about what their rights are, what the rights of their children are under certain bills. Sometimes administrators and school people have strong reservations about parents who are very, very outspoken, but we need these kinds of parents becuase they really keep us focused in on what we are supposed to be doing.

Mr. BUCHANAN. Does anyone else have a comment on that?

Mr. BIPPUS. I think we pretty much control and manipulate the parents, and I think the biggest role they play is it's a way for us to get some good PR and to inform them so they inform others. But, as for contributing to actual program content and direction, I don't think they play too valid a role.

Mr. BUCHANAN. Anyone else have a point of view?

Mrs. DAVIS. I have to take exception to that, because our parents are totally involved. We even have parents in our Title I program who serve as volunteers in the school; they discuss the proposal, they know everything that is going into the proposal. We have all sorts of subcommittees that work with all aspects of Title I programs, so ours are involved and not manipulative at all. They are very outspoken and very candid, and don't mind going to the board and telling them how they feel.

Mr. BUCHANAN. Yes, thank you.

Ms. TENNANT. I definitely agree with you. I think our parents have helped really focus in on some important points, and have actually been instrumental in our initially even applying for being an NIE demonstration site, and their ideas have definitely helped to give a certain look to our program that would not be looking this way at the present time if it weren't for our advisory councils. They have been not only supportive but have given very good ideas in helping to meet the needs of the children.

Mr. BUCHANAN. Yes.

Ms. FOURNIER. Congressman, if I can, I want to speak not only to the parent advisory councils but as relates to our entire reason for being here, Title I, poverty and welfare and education. I would like at this time to go on record and ask you to support the establishment of the Department of Education, so educators may pursue their responsibility of educating children and let the Office of Health and Welfare take care of health and welfare.

We have the responsibility as educators of developing the minds of those of you who will come here for years to come to run this country, and we are sandwiched in between health and welfare, totally lost. We are the middle child, and we don't get our portion of the pie. I would like for you to be reminded of the fact that education, as an institution, is the single largest industry in the United States, between teachers, books, printing companies, colleges and universities, we form the greatest, largest industry in the United States, and yet we take a back role. If this country is going to ever move toward developing and forming that more perfect union it will only be when those of you who sit here and make the rules will give us our rightful place at this level of the administration.

Thank you.

Mr. BUCHANAN. Thank you very much.

Would anyone else like to comment on that subject?

Mrs. DAVIS. Just, amen.

Mr. BUCHANAN. For the record, I am with you on that, and I hope it's something we can achieve.

I would say on the earlier question that if I would get three votes out of four as a politician I would be very happy, and I note the parents got three out of four on the panel, so that is a pretty good percentage.

Ms. Fournier, as you pointed out, equating a Title I eligibility with being poor can create a negative image for both the child and people that need the help. Some people have expressed the opinion that the pull-out program to remove certain children from regular classes would have a similar effect. Do you have any comments on that?

Ms. FOURNIER. Everything in education depends on the philosophy of the school administrator and the teacher. You can pull a child out for a reward. We pull them out for reasons that they are going to a learning resource center, they are going where something special is going on. So, it depends. You can pull a child out without labeling him. Title I has been equated to mean poverty, and who wants to remain poor; who wants to remain just, "I will be given a free lunch, I get a free lunch." This is a negative self-concept. Now, if you are pulling this child out because of some special need, some special educational need, then this is not a negative concept, not for the child nor for the teacher. But I think there definitely are some problems and some negative self-concepts with Title I programs as it relates to identifying children with poverty.

I think one of the things that we tend to forget as it relates to Title I and equating it with poverty, is that poor people have the same desires and aspirations for their children that middle class people have and upper middle class people, but they just don't have the expertise in going about developing it and getting these things for their children. Let them know this is for the education we are doing it, we are doing this because our child has an educational need, achievement need, not because you are poor. Because you are poor you have a welfare check, and that is the end of that. But because he has an educational need we will address that in an educational setting.

Mr. **Buchanan**. Anyone else have a comment on that?

Mrs. **Davis**. Yes. I would like to comment.

I think the pull-out program, the way it is administered, could have either positive or a negative effect, and in our system, for example, we have our youngsters on a somewhat individualized program, and it's almost like a smooth movement. When a child leaves a classroom, hardly anyone knows or pays any attention to the fact he has left, because we asked them specifically not to let five go out at a time. One may be coming from Mrs. Jones' room, one from Mrs. Smith's room, but they may think they are going just down the hall somewhere. It's not the aura where your children that belong to the Title I program get up and pass out. That is not the idea. I think it's how it is administered and what you do.

Then, it's such a good learning atmosphere the children are anxious to move out to it. It can be negative, but it's all in how it is administered.

Mr. **Buchanan**. Any other comments on that subject?

I recall that when I used to get pulled out of the room, it was to be paddled by the principal, having already been whacked on the ear or on the palm with a ruler by the teacher, so I do feel there was some negative connotation to that particular pull-out program.

I don't have further questions.

Mr. Bippus' full statement will be inserted into the record at this point.

[The prepared testimony of Stanley L. Bippus follows:]

PREPARED TESTIMONY OF STANLEY L. BIPPUS

In many respects I have been asking myself what I am doing here. As an administrator who must deal with Title I, I like the ambiguous goals, confusing guidelines and inadequate supervision the program currently operates under. When people are not sure what's going on, what has gone on or what they hope will go on, they can pretty well do as they please. In some respects that's good, but in most cases that type of atmosphere results in sloppy, ineffective performance.

It is my understanding that Title I came into being to help meet the special educational needs of disadvantaged children. If the real intent was merely to get money put back into the hands of people and business, then Title I is succeeding. There is Title I money in almost every school district in the country. If there also is a sincere effort to help kids then some changes must be made. Representative Quie appears to be very sensitive to, and knowledgeable about, many of the changes that need to be made in Title I to make it work.

I have never liked the fact that Title I bases allocations on the income of adults to provide services to meet the special educational needs of disadvantaged children. My primary reason for this is that most communities work very hard to improve the economy and living conditions in their communities. If communities should have any degree of success in upgrading the standard of living for adults, then children in their public schools lose because their services are cut. Under the existing policies, one of the best services a Parent Advisory Committee could perform would be to go out into communities and get people on welfare roles so the schools could qualify for more monies to help meet the needs of educational disadvantaged children.

Opponents of Representative Quie's efforts say the same thing will happen in schools. If a school does a good job, it gets more money. It would appear that the system rewards mediocrity instead of quality. That's a valid concern if success is judged on the amount of federal dollars a superintendent or principal can bring into schools.

It seems like it would be a very rewarding experience to have a school full of kids working at, or above, a minimal expected level of performance. Student performance is something educators have some control over. Family income is something educators have little control over. If educators receive monies based on something they can influence, it seems that their interest in the validity and honesty in meeting allocation criteria would be more accurate. Currently educators are smarter at making up numbers and scores to insure that funds continue to flow. Any negative image that is connected with Title I monies reflects on the quality of the community, not the school. If funds are based on educational needs rather than family income, then the amount of funds arriving is reflected on the quality of the educational programs. That would be positive because it would force educators to be more sensitive and aware of the special educational needs of disadvantaged kids and place them a little higher on their list of priorities.

The response, "There is a definite correlation between low achievers and low income," might be expected to the above statements. No one can begin to argue with that fact. I am not convinced, however, that one causes the other. In a capitalistic society, poor is "bad" because the values of the dominant population say it is. If something is "bad", people can't be happy if they are connected with it. I can accept that logic with some things, but not with education. People can choose to be lazy and/or poor and be very happy. People can't choose much of anything without an education. Being ignorant is the worst injustice dealt any human being. The fact that society may not provide special help to all children who may need it is a disgrace to the educational system of this country as well as to the law-makers and school board members who let it happen.

I have been told by decision makers that the best, fairest, and most accurate way to get money distributed to schools to help educationally disadvantaged children is through income scales. I find that very hard to accept and believe. Census figures are compiled every ten years. That, coupled with the inaccuracy of the actual census data, makes for a very inefficient system. Twelve years ago when Title I was but a baby, the income method seemed like a very logical approach to use to implement the program. Today, so that allocations do hit the target population they are intended for, a more sophisticated method of funding is needed. Representative Quie's recommendation in H.R. 7571 will create a much fairer way to disburse money to eligible children and schools.

I think the current method of funding requires less work than the proposal. In fact, for selfish reasons, I even prefer the income method. Yet, liking something does not make it right and the easiest way is not always the best.

The Quie method will cause educators to be more accountable for program outcomes. I don't necessarily like that, but it's needed. We have been allowed to operate on good intentions much too long now. We have not only been allowed to operate on good intentions but we have been able to safely base major decisions on convenience rather than need. Sometimes people must be put into situations where they must change to survive. Representative Quie's proposals will cause some changes, but I think the changes are progressive and in the best interest of the kids. Hopefully, everything we are doing here is being done in the best interest of kids and not out of administrative convenience.

Title I was and is intended to meet the educational needs of disadvantaged kids. There are lots of middle class kids who need special help too. These average middle income kids may not receive it simply because they happen to be living in the "right" neighborhood instead of a poor neighborhood. Mr. Quie's plan will insure more equality in meeting the educational needs of all children in need.

Another thing that educators are not pleased with is the lack of interest for the average student. Special programs usually are directed at bright or dull students. Mr. Quie wants any student with an educational need to be helped. That's a very unusual stance today, but it's a very positive step in the right direction.

Even though I like the basic intent of Representative Quie's revisions, I have a couple of concerns. The rationale to justify the testing of seven year-olds to determine state allocations is logical. It's just that seven year-old kids are extremely hard to test and the results often offer little predictive validity. Test scores do not become very stable until grade three or four. Also, grade levels are one of the worst ways to measure program or pupil gains. I feel specific performance levels should be established and criteria reference tests administered to determine growth.

A question that must be answered and that must be a part of Title I regulations is:

> What are the expected outcomes of a successful Title I program and what evidence is the federal government willing to accept that these outcomes have been reached?

That should be a minimum requirement for Title I no matter what happens in this process of reformation.

Another concern deals with the greatest influence on the learning of all children -- their parents. I firmly believe that no matter what you do with funding procedures of Title I, you will not see significant social or basic skills gains until there are significant changes in the home environment of eligible children. Most Title I parents have low expectations for themselves and their children. It's a widely accepted fact that people behave and perform as expected and Title parents, as a whole, expect little. Title I parents, for the most part, do not demonstrate very good examples of behavior and aspirations for their children to model.

Unless a much greater effort is made to improve the quality of parents in this country, little basic skills gains will be made with monies from Title I. Two suggestions to deal with that problem are:

1. A federally subsidized T.V. program on parenting aimed at expecting and existing parents.
2. Boarding schools that kids could attend on a voluntary basis that would give them a more conducive learning environment that's impossible for them to have at home.

In preparing to testify at this hearing, I received input from various people working with Title I. One thing that was very clear was the fact that state and federal people seem to oppose Mr. Quie's proposal changes and local people seem to favor the changes. Even though my sample is small, the people who must make Title I work, support the change. I hope serious consideration will be given to that peice of evidence. I sincerely feel that there would be a more positive attitude on the part of the people in the field if Title I monies were allocated on educational need rather than income.

People listen selectively and people believe selectivity, dependent on personal value systems. There is much evidence to support or reject about anything there is concerning the success and failure of Title I. Decisions makers will believe what they want and reject what they want.

Mr. BUCHANAN. I want to thank you very much for your testimony. It is most helpful to the committee and we are very proud of you, Mrs. Fournier.

Mr. JENNINGS. I also don't have any questions, but I would like to thank the panel. I am sure the record is going to be very helpful to the Members.

Thank you.

Mr. BUCHANAN. I will adjourn the meeting until 9:30 Tuesday morning.

[Whereupon, the Subcommittee on Elementary, Secondary, and Vocational Education adjourned at 11 a.m.]

PART 19: TITLE I—FUNDS ALLOCATION, THE ESEA AMENDMENTS OF 1977

TUESDAY, NOVEMBER 8, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Dale E. Kildee presiding.

Members present: Representatives Kildee and Buchanan.

Staff present: John F. Jennings, majority counsel; Christopher Cross, minority staff director; and Nancy L. Kober, staff assistant

Mr. **Kildee**. The subcommittee will come to order.

Our first panel might as well come forward and then I will make an opening statement.

Mr. James W. Miller, Director, Division of Federal Assistance, Ohio Department of Education.

Is Dr. Paul Briggs here?

Mr. **Miller**. He was flying in this morning.

Mr. **Kildee**. It's rather cloudy out there, so there may be some delay. If he is flying in from Cleveland you can be assured of that, because I fly through Cleveland frequently, and I know there are often delays.

Chairman Perkins has also been delayed in Kentucky, and he sends his greetings and apologizes for not being able to be here, and Congressman Mottl also is in his district and wants me to assure you—and I know he will do it because he is very conscientious—that he will be reading the testimony given here this morning.

This week the Subcommittee on Elementary, Secondary, and Vocational Education will complete hearings for this session on H.R. 15, a bill to extend several expiring elementary and secondary education programs.

We have already held fifty days of hearings on this and related bills, the most complete set of hearings ever conducted on these programs. We have heard from many witnesses expressing many viewpoints on many issues, and in the next few months we hope to review all of the testimony in preparation for legislation early next year.

During this final week of hearings we will continue our discussion of Title I funds allocation.

While waiting for the other people, we will start with Mr. Miller.

If you have prepared testimony that you wish to have submitted in its entirety for the record you may do so, and then speak from that, or proceed in whatever manner you so desire.

STATEMENT OF JAMES W. MILLER, DIRECTOR, DIVISION OF FEDERAL ASSISTANCE, OHIO DEPARTMENT OF EDUCATION

Mr. **Miller**. Thank you very much.

Mr. Chairman and staff, my name is James W. Miller. I represent the Ohio Department of Education and serve as the Director of the Division of Federal Assistance. Our superintendent, Dr. Franklin B. Walter, appreciates very much this opportunity for a representative of the Department to present testimony on the Title I program.

My oral testimony will address the method of allocating Title I funds. For the record, I have also included a second section concerning other aspects of Title I concluding with a series of specific recommendations for ways in which we believe Title I can be further improved.

I wish to open my remarks with the comment that, from the beginning, Ohio has been an enthusiastic supporter of Title I and appreciates this committee's leadership in consideration of a 5 year extension of one of education's most important programs.

The importance that Congress has placed on accountability is proper and should be maintained. Effective accountability both programmatically and fiscally is essential to the development of a sound program. We believe that any move away from the categorical aid concept to a general aid concept would result in a dilution of the program that could destroy the present effectiveness of the system. The original intent of the Congress in establishing Title I of the Elementary and Secondary Education Act is still valid in 1977 and will be for the foreseeable future.

You have heard testimony recommending that Title I funds should flow directly from the U.S. Office of Education to local school districts. We totally disagree with this recommendation because the State education agency must play the key leadership role in State education concerns. Because of State education agency leadership, Ohio now has a State supported compensatory education program which is operated in accordance with the Title I program.

I should like to add the State of Ohio is adding $41 million to augment Title I, which I believe is a rather significant commitment to a concept. We have implemented a wide variety of statewide inservice education activities for administators, teachers, teacher aides, and parents. Through the technical assistance function of our staff, effective instructional practices in local Title I programs have been made to and implemented in other Title I programs. This sharing of successful practices is essential for program improvement.

Statewide coordination of the evaluation of Title I programs has been made possible because of your investment in the State Department of Education. Statewide improvement has been made in other areas such as fiscal accounting, dissemination, student selection and assessment procedures, and parental involvement. In 1977-78 our Title I staff conducted on-site reviews of 499 local programs and provided other assistance to more than 9,608 staff members and parents.

Mr. Chairman, the investment of 1 percent in the State education agency for the administration of Title I has been returned many times. A shift from this position would be pennywise and pound poor.

Further, as competent as the U.S. Office of Education may be, in our judgment there is no way they can effectively manage the Title I program in the more than 15,000 school districts in this Nation.

Moving on to the issue of the method of allocation of Title I funds, there are some recommendations that we wish to submit concerning allocations, both to the State and within the State. Overall, we believe it is important to avoid the strong disagreements that separated the States during the 1974 deliberations. The political reality of assuring that each State maintain its current level of operation is recognized.

It is our recommendation that the concept of the old Part C be resurrected by providing additional funds to school districts having a concentration of 15 percent or more students from families receiving Aid for Families of Department Chidlren, AFDC. Such a change in Ohio would include 26 city and 15 rural school districts. As an example, Cleveland City, which was seriously hurt by the formula change implemented in Title I in 1974, and Ohio Valley, a rural school district in Southern Ohio, would each benefit greatly.

What we are trying to say here is that the manner of AFDC is not a city problem alone; it is also a rural problem.

The data used to determine Ohio's fiscal 1978 State grant totals 286,768 children. Of this total, only 2,020 children are counted in the AFDC category. The 41 districts having a high concentration of AFDC families include a total of 173,686 AFDC children which represents 68.7 percent of the State total of 252,770. These data are compiled as of January 1, 1977.

Cleveland's Title I allocation this year includes only 373 children out of a total of 48,075. Ohio Valley Local's allocation includes only 9 AFDC students out of a total of 1,035 in the district. This information clearly shows that both city and rural districts having high concentration of poor children are severely penalized by the current formula. Similar data can be provided for the other 39 districts who meet the 15 percent criteria. In many instances, the total number of AFDC children outnumber the total present allocation.

It seems to be a paradox that while the census figures remain the same year after year in computing the State allocation, AFDC figures vary greatly. For example, in FY 1975, the AFDC mean level was $4,250. In FY 1979, the mean level will be $5,820. This represents a reduction of 5 percent of the allocation base in FY 1975 to 7-10 of 1 percent in FY 1978. We believe this is a rather significant reduction.

While we recommend that the present formula base for the Part A distribution be maintained as it is now, we believe that a separate appropriation for a new Part C is vitally necessary to address the problems of certain urban and rural districts.

The same regulations would apply to the new Part C. Evaluation and progam accountability would be combined with Part A.

Our second recommendation is to drop the requirement that the U.S. Office of Education must make allocations by county. Since accurate information is not available at the U.S. level concerning the many school districts that cross county lines, it would be more simple and more equitable to allow the allocation to be made by the States. This would eliminate a very time-consuming and unnecessary step in the allocation process at the State level.

For purposes of clarity, I would like to insert the statement for the record, we recommend the State Education Agency should continue to allocate funds under Part A to local schools, under the present system eliminating the county allocation factor reduces unnecessary and costly paperwork.

I would like to further point out that the committee has heard much testimony in recent weeks about the numbers of unserved buildings and cities at the expense of the services in rural areas to lower concentrations of poor children. No one has pointed out the difference in allocations. Some rural districts in Ohio don't receive enough money in Title I to hire a full-time reading teacher. How then do they provide the service? The answer is by using more than $8 million in State and local funds from those particular rural schools to make up the difference.

As I pointed out previously, Ohio puts another $33 million into Title I, and we believe this is a significant commitment. We have confidence the committee will not spend time in deciding how to take services from children, but instead will devote much thought to finding ways to serve more children in urban and rural districts having high concentrations of poor children. Hence, our recommendation for a new Part C.

Our third recommendation is Title I not become a State planning program as has been recommended by other witnesses. We believe that such a change would create an additional paperwork burden on the States and that the concern of allowing greater flexibility for States in order to serve buildings presently being missed can be met by adding a new Part C to allow special funding for urban and rural school districts having high concentrations of poor children. The elimination of the county allocation process and the recognition of the needs of schools serving high concentrations of poor children eliminates the need for the State plan.

The committee should explore the relationship of the Adult Education Act to Title I. It is our experience that both adult basic education and Title I programs should be coordinated more closely. There is considerable research which shows that the educational level of the parent has a great effect upon the educational achievement of the child. It is our experience that in many cases if the child is to make progress the parent must also receive help. We have operated a pilot program which combines Adult Basic Education and Title I and have found that by addressing the educational needs of the parents, the child in turn is helped, not only academically, but in attitude toward school and pride toward parents. At a very minimum, the committee might include statements which stress the importantce of coordinating these two programs.

As indicated in previous testimony, migrant, handicapped, the orphaned, neglected, and delinquent, components of Title I should continue to be fully funded. We submit one alternative might be for the committee to take the difference in the interstate and settled-out children programs and consider different factors for those two groups.

Mr. Chairman, thank you for the opportunity to present testimony on Title I. If you or any Members of the committee have any questions, I will be happy to respond.

[The full statement of James W. Miller follows:]

TESTIMONY BY JAMES W. MILLER, DIRECTOR, DIVISION OF FEDERAL ASSISTANCE, OHIO DEPARTMENT OF EDUCATION

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Further, as competent as the U.S. Office of Education may be, there is no way they can effectively manage the Title I program in the more than 15,000 school districts in this nation.

Moving on to the issue of the method of allocation of Title I funds, there are some recommendations that we wish to submit concerning allocations, both to the state and within the state. Overall, we believe it is important to avoid the strong disagreements that separated the states during the 1974 deliberations. The political reality of assuring that each state maintain its current level of operation is recognized.

It is our recommendation that the concept of the old Part C be resurrected by providing additional funds to school districts having a concentration of 15% or more students from families receiving Aid for Families of Dependent Children (AFDC). Such a change would include 26 city and 15 rural school districts. As an example, Cleveland City, which was seriously hurt by the formula change implemented in Title I in 1974, and Ohio Valley, a rural school district in southern Ohio, would each benefit greatly.

The data used to determine Ohio's fiscal 1978 state grant totals 286,768 children. Of this total, only 2,020 children are counted in the AFDC category. The 41 districts having a high concentration of AFDC families include a total of 173,686 AFDC children which represents 68.7% of the state total of 252,770. These data are compiled as of January 1, 1977.

Cleveland's Title I allocation this year includes only 373 children out of a total of 48,075. Ohio Valley Local's allocation includes only 9 AFDC students out of a total of 1,035 in the district. This information clearly shows that both city and rural districts having high concentration of poor children are severely penalized by the current formula. Similar data can be provided for the other 39 districts who meet the 15% criteria. In many instances, the total number of AFDC children outnumber the total present allocation.

It seems to be a paradox that while the census figures remain the same year after year in computing the state allocation, AFDC figures vary greatly. For example, in FY 1975, the AFDC mean level was $4,250. In FY 1979, the mean level will be $5,820. This represents a reduction of five percent of the allocation base in FY 1975 to seven-tenths of a percent in FY 1978.

While we recommend that the present formula base for the Part A distribution be maintained as it is now, we believe that a separate appropriation for a new Part C is vitally necessary to address the problems of certain urban and rural districts.

The same regulations would apply to the new Part C. Evaluation and program accountability would be combined with Part A.

Our second recommendation is to drop the requirement that the U.S. Office of Education must make allocations by county. Since accurate information is not available at the U.S. level concerning the many school districts that cross county lines, it would be more simple and more equitable to allow the allocation to be made by the states. This would eliminate a very time-consuming and unnecessary step in the allocation process at the state level.

Mr. Chairman, in addition to the allocation issue, there are several programmatic concerns and recommendations we would like to share.

First, I am happy to report that the results of Title I in Ohio's schools have been impressive. I would like to give an overview of the results of Title I in 1977. This information is now being compiled in final form to be reported to the U.S. Office of Education.

During FY 1977, Title I served 125,044 Ohio students in 599 school districts. Sixty-three percent of all students served were in grades three or below, which illustrates our commitment to early intervention.

The past year marks the first year for Ohio schools to report student gains on the basis of units called normal curve equivalents, hereafter referred to as NCEs. It is our understanding that we are one of the first states to implement this process of reporting on a statewide basis. The development of the NCE approach was a result of a Congressional mandate in 1974 which asked U.S.O.E. to develop an evaluation model suitable for nationwide reporting. The Research Management Corporation (RMC) under a contract from the U.S. Office of Education was asked to do the following:

1. Develop a unit of measure which could be used nationwide to evaluate Title I programs.

2. Establish evaluation models which would separate the gains children make in the regular classrooms from those gains made in the Title I programs.

The NCE is the unit of measurement which was developed in the project, and three different evaluation models were provided for the states. NCE's are defined as equal interval, normalized standard scores with a mean of 50 and a standard deviation of 21.06. They compare to the grade equivalent scale only to the extent that the "average" child (that is, the one who is at grade level on the NCE scale), would be at the 50th percentile and, therefore, at the 50th NCE.

The NCE scale provides one basic indicator: that is, whether the child is making gains at, above, or below an expected level. The NCE is a quantative measure of how far above or below the expected level the child is scoring.

This "expected level" is based on a ranking procedure. Based on a Title I pretest, for example, Student A might be reading at a level of 25. This would indicate that, out of 100 students, 75 students would be reading at a higher level. By the end of the school year, if all the students progressed at the normal or expected rate, Student A would maintain his rank, and still be reading at about the "25" level.

If this student performed at a reading level of 37 on the post-test, however, this would represent a gain of 12 NCE units, and would demonstrate a gain beyond the normal expectation. The student in a sense would have moved ahead of 12 other students.

The RMC field test results indicate that an average gain of 7 NCE units is significant.

In fiscal 1977, the average achievement gains for Ohio students were 10.7 NCE units in reading and 13.6 NCE units in math. These gains are significant since without the special instruction, the normal expected gain would be 0 (zero).

Using the traditional method of reporting, it is significant to note that in 1976, 65% of the participants made month for month gains in reading and 67% made month-for-month gains in mathematics. In Ohio, eligible students are defined as those students who live in eligible attendance areas and score at or below the thirty-third percentile on a standardized achievement test. These eligibility criteria are more restrictive than those in many other states. However, even under these requirements, we were able to serve only 30% of those eligible. These data are particularly significant because the children who are enrolled in Title I are those who have the greatest economic and academic problems and are able to achieve at a significant rate with the extra help.

Title I is working in Ohio and we believe that is has been one of the most important enactments of Congress since the inception of federal support for education.

In order to maintain high quality education and improve Title I programs, the following recommendations are submitted for your consideration:

1. There has been recent discussion concerning the wisdom of pulling children out of the regular classroom to provide Title I services. Based on eleven years of experience with pull-out programs, we have no evidence to suggest that negative results occur. Rather, we have found that by providing intensive service on an individualized basis, students can make greater gains. This subject has been discussed at many of the Parent Advisory Council meetings. Parents frequently comment that they are pleased to have their children receive individual attention in a learning environment that is personalized and attractive.

If problems do occur with pull-out programs, they are usually characterized by two causes: (1) very poor coordination with the regular programs, and (2) a lack of creative scheduling which causes a child to miss repeatedly the same subjects in the regular program. Both of these problems can and have been easily resolved. We believe that Title I and the regular program must be closely coordinated. As it stands now, districts have a choice on the manner in which service is provided and there is no need for change in the law or regulations.

2. There are a number of provisions in the comparability factor which should be changed. Our recommendations are as follows: (a) allow a 10% variation between the non-served average and each building served, (b) continue to allow the inclusion of state funded compensatory and handicapped programs to be optional in determining comparability, (c) eliminate the mini-comparability report; this is an unnecessary paperwork burden and yields no useful data, (d) give the commissioner or the state education agency authority to waive the comparability requirement while a school district is under court order to desegregate, (f) revise the penalty of cutting off all funds in a district if one building is not in compliance; only the services given to that building should be withheld.

3. The mandated requirement for parent advisory councils has had a major positive impact on Title I. The following recommendations are suggested to improve this component of Title I.

(a) Establish a realistic exclusion level for building councils. For example, a district having less than a $100,000 allocation would be required to have only a district-wide council. Presently, a district receiving money for only one teacher in each of two different buildings is presently required to have two building councils and a district council. This is a needless requirement in a small program. A district-wide council would be sufficient in this school district and would still maintain the integrity of Congressional intent.

(b) Keep the parent council in an advisory role.

(c) Change the requirements in the election of parents for membership in the parent advisory council. Council members should be selected by Title I parents rather than all parents who live in the area. The majority of parents on the council should be parents who have children in Title I or who have had children participate within the last two years.

4. Reduce the paperwork burden by allowing school dsitricts to submit multi-year applications. Schools would submit new basic data for each year and would submit additional information only when changes occur, such as changes in number of staff, testing procedures, budget items, and other related changes.

5. If the low-rent housing section of P.L. 874 is to continue, it should be made a part of the general impact aid program or be given to the state education agencies to operate as a specific section of Title I. It is our belief that these funds could become a part of a new Part C.

6. We do not recommend that Title I become a state plan program as has been recommended by some other witnesses. We believe that such a change would create an additional paperwork burden on the states and that the concern of allowing greater flexibility for states in order to serve buildings presently being missed can be met by adding a new Part C to allow special funding for urban and rural school districts having high concentrations of poor children. The elimination of the county allocation process and the recognition of the needs of schools serving high concentrations of poor children eliminates the need for the state plan.

7. The committee should explore the relationship of the Adult Education Act to Title I. It is our experience that both adult basic education and Title I programs should be coordinated more closely. There is considerable research which shows that the educational level of the parent has a great effect upon the educational achievement of the child. It is our experience that in many cases if the child is to make progress, the parent must also receive help. We have operated a pilot program which combines ABE and Title I and have found that by addressing the educational needs of the parents, the child in turn is helped, not only academically, but in attitude toward school and pride toward parents. At a very minimum, the Committee might include statements which stress the importance of coordinating these two programs.

8. Much comment has been directed toward the use of Title I staff for non-instructional duties such as recess, hall duty, and lunchroom supervision. Current regulations prohibit this practice. We fully understand the reasons for concerns in this area. However, in view of the years it has taken in some districts to establish the concept of Title I as a supplementary program designed to provide intensive service to children, the Committee must consider the potential effect of opening the doors for general use of staff. By trying to resolve what appears to be a minor problem, a major problem could be created. You may be interested to know that at a recent meeting of our ten major city Title I directors, eight voted to keep the current provisions.

As indicated in previous testimony, Migrant, Handicapped, and the Orphaned, Neglected, and Delinquent, components of Title I should continue to be fully funded.

Mr. Chairman, thank you for the opportunity to present testimony on Title I. If you or any members of the Committee have any questions, I will be happy to respond.

Mr. **Kildee**. Has Dr. Briggs arrived?

We will begin questions.

Mr. Miller, do you believe the Title I program is properly focused today on poor, educationally disadvantaged children? In other words, do you believe there is a correlation between educational disadvantagement and poverty or do you believe that we should broaden the classes of Title I to include children who are middle and upper class educationally disadvantaged children?

Mr. **Miller**. I think in part my answer would relate to the amount of money available. In Ohio, for example, Mr. Kildee, we are serving only 30 percent of the eligible children. Furthermore, we are concentrating those services in grades 1 through 3, and I would admit to you there are high school children, students who need to be served, junior high students who need to be served, but in order to concentrate services we believe is important to get results, we have just not been able to spread the money that far.

I believe, yes, if there is appropriation of considerable proportions, the program could be expanded. But if the money stays at about the same level, it is our belief that the focus is proper as of the present moment.

Mr. **Kildee**. You have a supplemental program, as you mentioned in Ohio.

Mr. **Miller**. Yes.

Mr. **Kildee**. We have a supplemental program in Michigan. However, the criteria in Michigan for the distribution is tested based rather than the poverty based. But your Ohio Legislature has decided that the poverty base is the best way to distribute the limited amount of money available.

Mr. **Miller**. Yes, sir. As you have heard in previous testimony, Dr. Greer testified, I believe two weeks ago on our State comp ed. program. We have two components. One is DPPF,which is restricted totally to Title I buildings and one which we call DPIA, which is more of a general nature, which flows into the school districts and they use that for a variety of services. So we have made a commitment in the State comp ed. money to $33 million to the extent that should be tied in with Title I, and we use that money to provide services that Title I doesn't provide. Sometimes it would involve supportive services and counselling, psychological services, sometimes just funding teachers Title I can't provide for, or buying materials and supplies.

Mr. **Kildee**. Mr. Miller, you mention some of the values of pullout programs in Title I, that is when children are taken out of regular classes for remedial services. Do you have any comments to make to some of the criticisms we have had earlier that school districts tend towards pullout programs because of fear of audits more than they do for educational reasons?

Mr. **Miller**. Yes, sir. As we understand the program regulations, it is possible to provide in-class services now. So, in our experience and in our judgment we don't know there is any need in the law or regulations, it comes to the matter of how can you concentrate the services. When we have had problems with pullout classes, they have been characterized by two major reasons: One, a lack of coordination in the regular program, and frankly, at times perhaps a regular staff and a building principal that maybe is not very excited about Title I. Or, by some lack of creative scheduling, which requires children to miss the same component at all times. But it has been our experience that if the principals and regular staff are fully behind and involved with the Title I program, the scheduling which makes it possible for children to not always have to miss the same thing in the regular class program, by providing a very personalized and individualized learning environment, small groups of children with good staff, then we can make effective change.

I would say that parents, and we have very active parent councils in Ohio, have been supportive of that issue. We have recently had a statewide parent meeting with more than 500 parents coming in to give testimony, if you will, concerning Title I, and of all of the concerns they raised about Title I, pullout classes were never surfaced.

Mr. **Kildee**. Mr. Buchanan?

Mr. **Buchanan**. Thank you, Mr. Chairman.

Mr. Miller, many State representatives have spoken in support of increasing the administrative setaside from 1 to 1-1/2 percent. Do you strongly defend the 1 percent?

Mr. **Miller**. No. We wouldn't be adverse to receiving more money based on need. If the appropriation in our particular situation, if the appropriation level were increased in fiscal 1979, as hopefully the Labor-HEW Appropriation Committee will eventually resolve, the 1 percent would be adequate for us. I won't say in due time 1-1/2 percent might not be needed. Right now, projected over a two-year period, 1 percent is adequate. But I think the committee should look, this is a 5-year authorization, at some basis for perhaps a phase-in of an additional percentage based on need.

Mr. **Buchanan**. You recommend that Part C be funded again. Do you have any idea as to the level of authorization or the ratio between Part A and C?

Mr. **Miller**. We took a look at the 41 districts in Ohio that have a high concentration of AFDC children, both rural and poor, and it would take, in terms of full funding, we projected on a half of a per pupil basis would be $144 million, and that is not very realistic in these times. We understand that it would have to be reduced. Based upon the current level of funding per child in Ohio which is slightly in excess of $199, applying that amount towards the numbers of AFDC children in Cleveland would about bring them up to where they were three years ago. I don't have a specific figures to recommend to you. We believe that there are some differences in data across the states and that a supplementary amount of per pupil factor might be one way to approach it.

An alternative way might be to take additional moneys in Title I that are appropriated and after deciding on an inflation related hold harmless clause, to perhaps devote new money in this aspect to Title I. You might want to look at the lower rent housing money as a resource, although in Ohio that is only $2 million-plus dollars, as a possible resource for this area. But it's going to take a commitment of some additional dollars.

I would say in concluding, Mr. Buchanan, that if Ohio were getting its full authorization, which would be $200 million, we wouldn't have any need for Part C.

Mr. **Buchanan**. In your judgment, should Part B be maintain

Mr. **Miller**. Yes.

Mr. **Buchanan**. One of the problems in many States, includ my own State, and I presume it must be a problem in Ohio is fact that the Title I program, the Title I does not follow the chil is school rather than the child which qualifies, and consequently a result of desegregation orders of courts, you have a numbe disadvantaged children who are in schools which do not qualify the Title I. Would that also be a problem?

Mr. **Miller**. I thought that question might surface, and we po the three superintendents in Ohio who are undergoing either c ordered or voluntary desegregation efforts, four out of the five w opposed to "follow the child" language.

Mr. **Buchanan**. I see.

Mr. **Miller**. Except Akron, which testified a week ago.

Mr. **Kildee**. The fifth one testified. I was going to mention t

Mr. **Miller**. Yes. We are aware of that.

Mr. **Buchanan**. What would be the rationale for such oppositi

Mr. **Miller**. I think our city superintendents, and I hope Briggs' plane lands so he can speak to this issue, looked at not o an economic disadvantage as a personal relationship with a ch but also the fact that in Cleveland and many of our districts buildings are located in areas of a high level of poverty, so you not only serving children from poor families, you are serving th in conditions and surroundings which are very, very severe. numbers of children who require service, keeping in mind we only serving 30 percent who are eligible anyway, are going to s about the same. There is tremendous parental pressure to maint the services in these buildings.

We have had some instances because of differences in the ways which buildings qualify and in a regular situation in which services had to be taken from a building. Let me tell you, it's no to explain to parent advisory councils, parent service councils that building as to why the services have been moved. So there a combination of factors. But the desegregation program does redress the pressure in that building, and that is the reaction ba on the comments of our superintendents.

I might add, we were a little surprised at that strong a supp for not moving to the follow the child language.

Mr. **Buchanan**. You mention the relationship of Adult Educat Act to Title I, and your experience in this area. What do you thi about the use of parent educational data for allocation purpos

Mr. **Miller**. Parent educational data, could you explain t further, please?

Mr. **Buchanan**. Yes. I mean that from census data, use educational level of parents as a factor in allocation of funds.

Mr. **Miller**. That is an interesting question. I don't know tha can react from a data base. I am more familiar with the A program and I can tell you in terms of dollars to education adults, proportionately they equal about the same amount of doll going into cities in Title I, so obviously there must be some corr tion. In the pilot program we operated, coming back to ABE Title I, we found there was a high proportion of parents who literacy problems, who had needs for much advanced educational opportunity, children who were coming home from school and asking mom and dad for help in this math problem or reading problem, with the parents not being able to respond.

Now, one of the interesting developments we had that developed in the Cincinnati project, many of the parents were unable to come into schools for service, so in order to meet that need we had to move to what we called the home instruction program, taking ABE into the home, and there were very interesting kinds of things that developed. We found parents becoming employed, kids feeling better about school, kids taking great pride in parent activities, and almost a family educational program, and we saw some very meaningful experiences with kids. I would have to say we just haven't explored that coordination as much as we need to.

Mr. BUCHANAN. Thank you very much.

Off the record.

[A discussion was held off the record.]

Mr. KILDEE. Unless there are further questions, Mr. Miller. The Chair notes that Dr. Briggs has arrived, and if he would come to the table, we will receive his testimony.

If you have prepared testimony which you wish to have entered in its entirety into the record it shall be so ordered, and if you wish to read parts of that or comment on that, either way you wish, it's fine with the committee.

STATEMENT OF DR. PAUL BRIGGS, SUPERINTENDENT OF SCHOOLS, ACCOMPANIED BY JOHN NAIRUS, DIRECTING SUPERVISOR, COMPENSATING EDUCATION PROGRAM; AND PETER P. CARLIN, ASSISTANT SUPERINTENDENT, CLEVELAND PUBLIC SCHOOLS

Dr. BRIGGS. Yes, sir.

Mr. KILDEE. Also, Dr. Briggs, inasmuch as I know the high regard you have one for one another, I would like to point out Mr. Perkins has been delayed in Kentucky and has asked me to chair this morning.

Dr. BRIGGS. Thank you.

We have a prepared testimony which we will make available, and so, if you don't mind, I will speak pretty extemporaneously on the subject.

[The statement of Paul W. Briggs follows:]

PREPARED STATEMENT OF PAUL W. BRIGGS, SUPERINTENDENT OF SCHOOLS, CLEVELAND, OHIO

Mr. Chairman
Members of the Committee

It is a distinct pleasure to be here today. I appreciate the opportunity to meet with you and to share with you Cleveland's concerns as they relate to the Elementary and Secondary Education Act of 1965 (ESEA).

Today, as in the past, I compliment this committee for its dedication and diligence in seeking solutions to the many problems facing the schools of this country.

My remarks will specifically deal with ESEA, Title I and Cleveland's experience as related to this act.

Our Title I efforts are one important element of providing learning content and conditions most conducive to the growth of our urban pupils. These efforts are being vigorously pursued despite factors which continue to erode the gains made. Critical among these "facts of life" are the continuing concentration of poverty and the declining financial resources.

Chart I Like many of the older urban centers, Cleveland has been experiencing a population movement to the surrounding suburbs. From 1950 to 1975, Cleveland lost 276,000 residents, a decline of 30 percent. During the same period, the surrounding urban fringe gained 480,000 residents, which more than doubled its population.

With this shift in population has come a continuing concentration of low income families beset by the problems that accompany economic stress. The Cleveland school district, the largest in the state, enrolls approximately 5 percent of all Ohio children. However, our district has almost 20 percent of the children from the welfare families in the state.

Of the total of 11,893 public housing units in Cuyahoga County, 99.8 percent are in Cleveland. Over 99 percent of the school-age children living in public housing units reside in Cleveland.

The shift in total population necessarily has had an impact on the composition of the school-age population. In the ten-year period from 1968 to 1977, the school-age population declined by 25.8 percent. Chart II

Chart III The number of school-age children from families on welfare increased by 64.2 percent from 29,280 to 48,075). The steepest increase occurred between 1968 and 1972, when the number almost doubled (from 29,280 to 56,976). During the period from 1972 to 1975, the number remained generally stable. The 1976 and 1977 levels showed a gradual decline.

At the same time that we have experienced a sharp increase in the number of poor children in the district, we also have been faced with a steady decline in available tax revenue. This decline has occurred despite the fact that voters have increased their taxes 137 percent since 1964. The decrease is attributable to a progressive lowering of taxable values in Cleveland. From 1969 to 1974 alone, the assessed value of real, public utility and tangible personal property combined decreased by over $185 million. Although property re-evaluation resulted in some increase in the 1976 assessed values, the rollback provision in Ohio does not permit a school system to realize any additional tax revenue based on the increased valuations. It is anticipated that recent State of Ohio legislation will further erode our tax revenues from personal tangible property. Both inflation and the shrinking tax base have thus dissipated the increase in millage rates.

Chart IV Cleveland has been most fortunate to receive many millions of dollars in ESEA Title I funds since 1966. These funds continue to increase annually from 1966 until fiscal year 1974 when Cleveland's allocation reached an all-time high of $10,749,635. Because of the change in the formula by which Title I allocations were to be determined beginning in fiscal year 1975, Cleveland lost 15 percent of its funds in fiscal year 1975, another 15 percent of its funds in 1976, and an additional 4 percent in fiscal year 1977. Only the "hold harmless" provision in the Education Amendments of 1974 prevented this cutback in funds from occurring entirely in the same year. In fiscal year 1978 Cleveland received its first increase in Title I funds in four years. The reduction in funds over the three-year period from 1975 to 1977 necessitated a major cutback in services to the poor and educationally disadvantaged children who remained in the Cleveland system during these years.

Chart V These reductions in Cleveland's ESEA Title I allocations occurred even though the number of poor children living in Cleveland and attending our schools did not decrease. These reductions occurred because Cleveland received credit for having

64,618 poor children in 1974, but only 41,874 such children in 1975. The 22,744 children for whom Cleveland was no longer entitled to Title I funds did not move or cease attending schools; they remained with us, but no credit was given for them in the Title I formula.

Cleveland has continued to have more school-age children on welfare than the numbers of children for which Cleveland is given credit in the new formula (Orshansky plus 2/3 AFDC above the poverty level). The Orshansky count from the latest census has never given Cleveland its full count of even its welfare children. The update factor of adding two-thirds of the children from ADC families with sufficient income above the poverty level has not allowed us to receive credit for the welfare children not counted by Orshansky; welfare recipients seldom receive annual incomes that would raise them above a poverty level. The update factor of using two-thirds of welfare children above Orshansky has only served to eliminate for Cleveland any practical count of such children not counted in the Orshansky number. For fiscal year 1978, Cleveland receives credit for only 373 welfare children, whereas over 8,000 are not included in the Orshansky plus two-thirds AFDC count.

The formula could be revised to allow a school district to receive additional credit for welfare children not presently counted. This could be done by changing the law to allow a school district's allocation to be based on the greater of either its welfare count of school-age children or its count by the present method of Orshansky plus two-thirds AFDC above Orshansky: In addition, the allocations of school districts could be held harmless (with an inflation factor), and only new monies for Title I used to increase allocations to districts which would be entitled to additional funds under the new formula.

An alternative solution to this problem could be to restore ESEA Title I Part C which was eliminated in the Education Amendments of 1974 and replaced with a low rent housing factor in Impact Aid. This Part C represented a separate section of the Act and provided a separate appropriation to school districts which had large concentrations of poverty children. Revival of this would recognize and provide for the large concentration of the poor in certain urban and rural school districts without disturbing the regular Title I allocation.

Chart VI Cleveland currently operates thirteen different programs with its ESEA Title I funds. The main emphasis of all these projects is reinforcement of the basic skills of reading and mathematics. At present 93.9 percent of Cleveland's Title I funds are spent on reinforcing the basic skills, whereas the remaining 6.1 percent is spent on administration.

Of the money spent on reinforcing basic skills, 64.5 percent is spent on reading, 23.7 percent is spent on mathematics, and the remaining 5.7 percent is spent on services such as health care, counseling, transportation, and speech therapy which support the teaching of the basic skills.

Chart VII It is also interesting to note that 16.4 percent of the participants in our Title I programs are pre-school and kindergarten children who are four and five years old. The largest percentage of our Title I participants are elementary-grade children. The remaining 9.1 percent of the participants are secondary-school youngsters, although the vast majority of this group are seventh graders who participate in a remedial reading and mathematics program.

Chart VIII Cleveland concentrates its Title I programs in those Title I schools that have the greatest number of poor children. We recently surveyed some of the children in our reading and mathematics programs and found that 82 percent of these children were poor on the basis of the standards set up for poverty by the National School Lunch Act. Only 18 percent of the children receiving Title I services were not poor, even though they are attending an eligible Title I school.

Standardized test results document the successful impact of the Title I efforts. A sample of the past year's reading and mathematics programs yielded average increases of seven normal curve equivalent (NCE) units in reading scores and eight NCE units in mathematics scores. These increases contrast with the zero units of change to be expected if pupils had maintained their initial progress levels.

Chart IX In both reading and mathematics, the NCE gains correspond to grade-equivalent-score gains approximately one and one-half times as great as those expected based on national norms. These outcomes are especially impressive because the average test performance of urban pupils is generally below that of the total national norm group.

It must be noted, however, that the success of efforts to accelerate the achievement rate of Title I recipients reduces but does not necessarily eliminate their educational disadvantagement. The gap is narrowed but continuing support is required to ensure that learning momentum is maintained.

Even though we have concentrated our Title I funds on reading and mathematics for younger-age children, there are many children whom we are unable to serve; many of these pupils are at the secondary-school level.

It is estimated that we presently have 43,787 pupils who are behind in basic skills and who qualify for Title I services; however, we will be able to serve only 13,690 of these this year. To serve the remaining pupils would require over 18 million dollars in additional funds over and above what we estimate we shall receive this year.

Increased amounts of money should first be provided to serve all the pupils who qualify for such services in Title I schools. To permit assistance for all educationally disadvantaged children no matter where they reside is not a solution to the over-all problem. A school system would be faced with a difficult situation if federally-established guidelines forced it to discriminate between educationally disadvantaged children who live in poverty areas and such children who live in school areas where the concentration of poverty is not great. It is more important to serve first all the children who are faced with two disadvantagements, a school environment of poverty and a lack of achievement, before serving children who have only the one disadvantagement of a lack of achievement. Without sufficient funds to serve both groups of children the available services should be targeted on those who attend school with other poverty youngsters and who are educationally disadvantaged.

The positive results of our Title I efforts are a source of hope. As a superintendent, I have to be pragmatic. I have to place first priority on things that work best for children. I would like to see more Title I dollars made available for our pupils. Increased funding is necessary, in part, to counteract the inflation factor. More important, increased funding is necessary to enable us to serve more of our pupils who are eligible for Title I services.

I urge your serious consideration and strong support in extending Title I legislation to better meet the educational needs of children in poverty environments.

CHART I

CHANGES IN POPULATION
CLEVELAND AND SURROUNDING SUBURBS
1950 - 1975

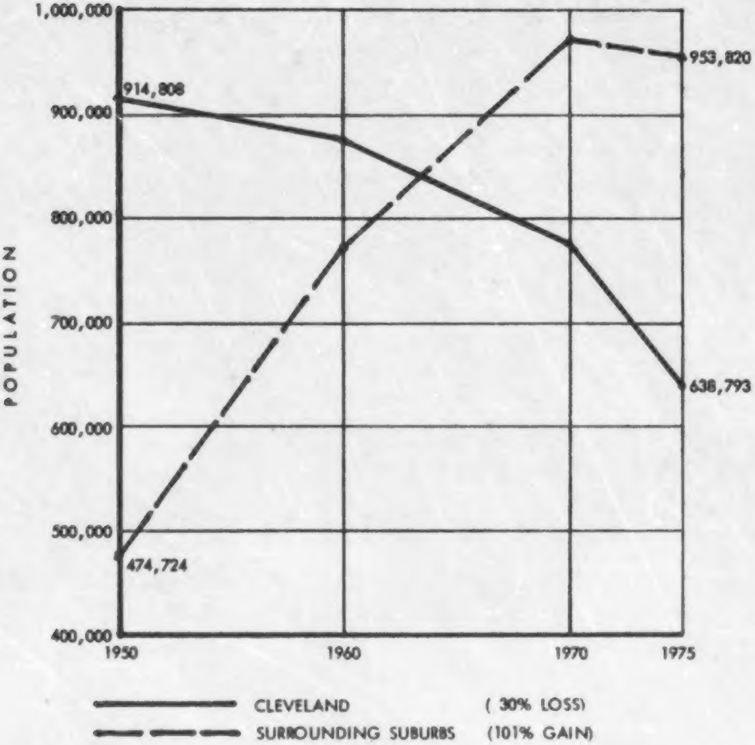


CHART II

SCHOOL-AGE POPULATION

CITY OF CLEVELAND

1968 - 1977

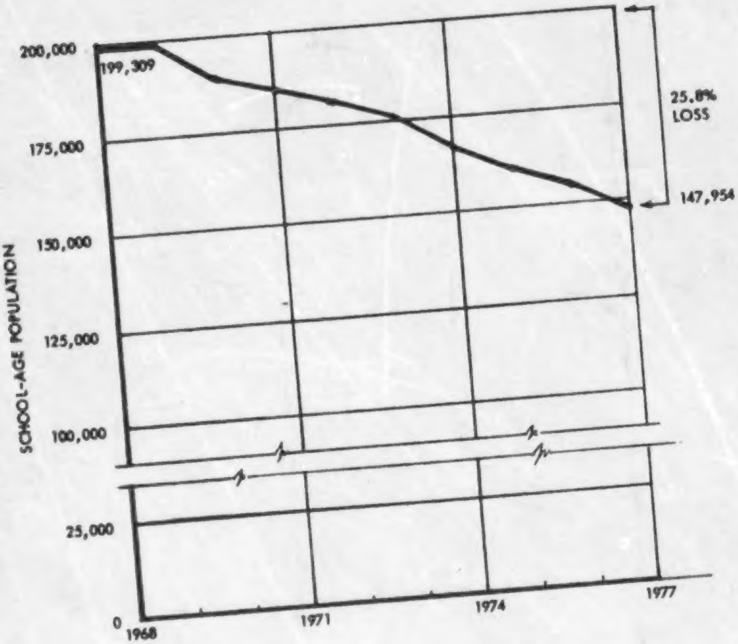


CHART III

NUMBER OF SCHOOL-AGE CHILDREN ON WELFARE

CITY OF CLEVELAND

1968 - 1977

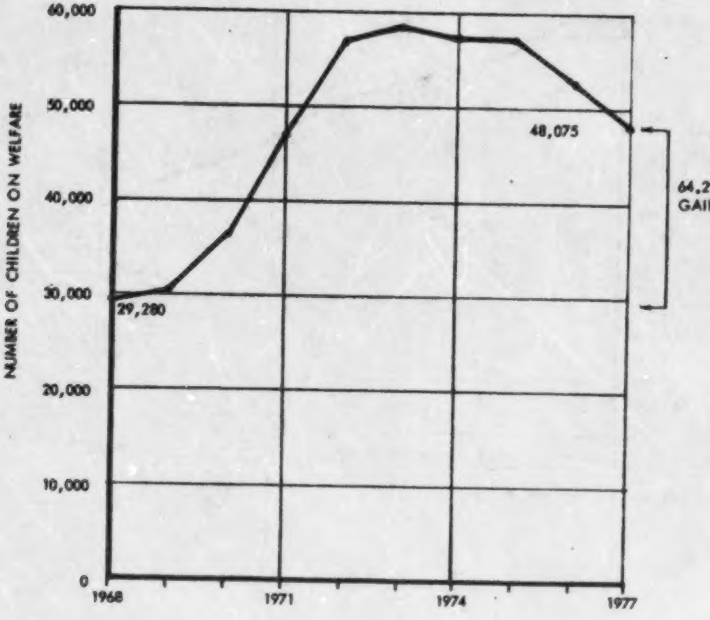
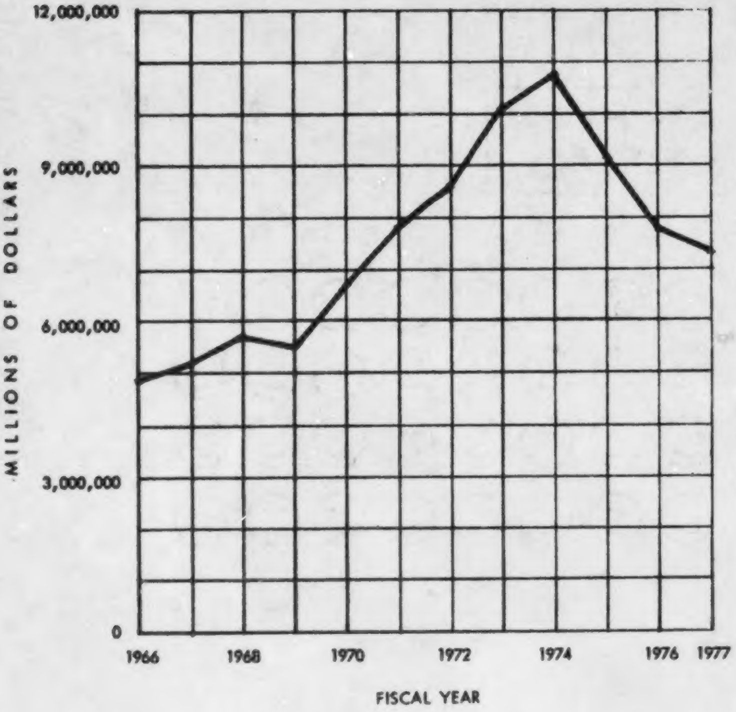


CHART IV

ALLOCATIONS FOR ESEA TITLE I
CLEVELAND PUBLIC SCHOOLS
1966 - 1977



CHART

NUMBERS OF SCHOOL-AGE POVERTY CHILDREN

BASED ON ESEA TITLE I FORMULAS

1974 - 1975

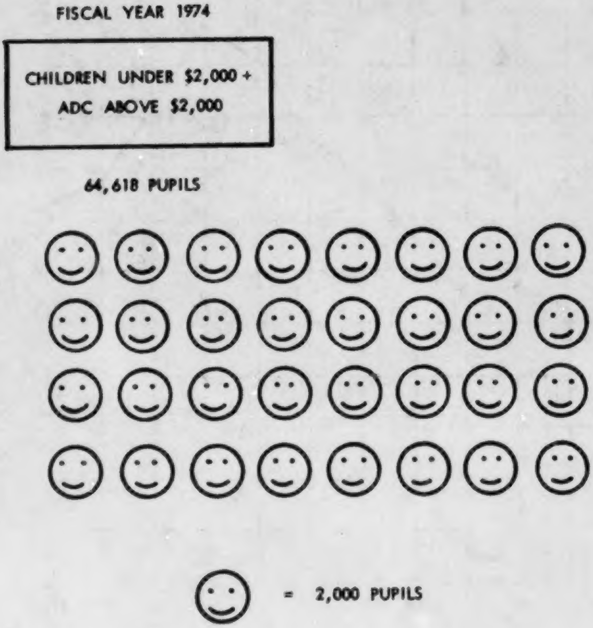


CHART V OVERLAY

NUMBERS OF SCHOOL-AGE POVERTY CHILDREN BASED ON ESEA TITLE I FORMULAS 1974 - 1975

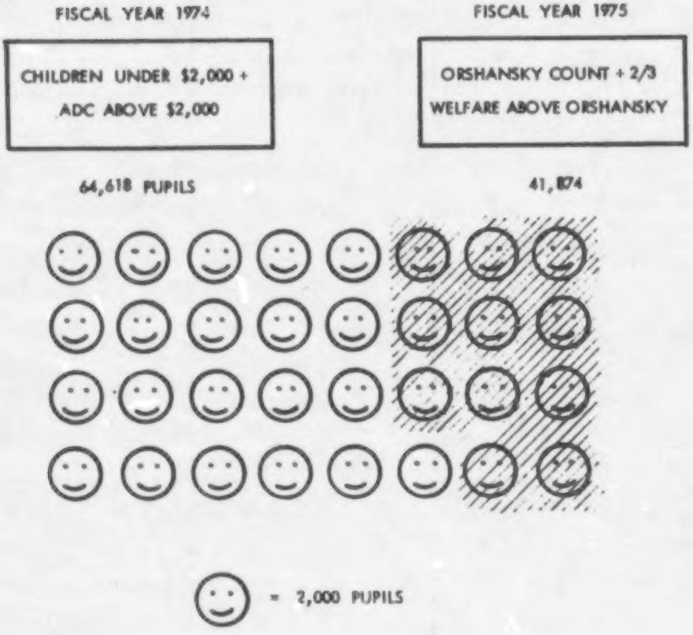


CHART VI

EXPENDITURE OF ESEA TITLE I FUNDS

BY PROGRAM PURPOSE

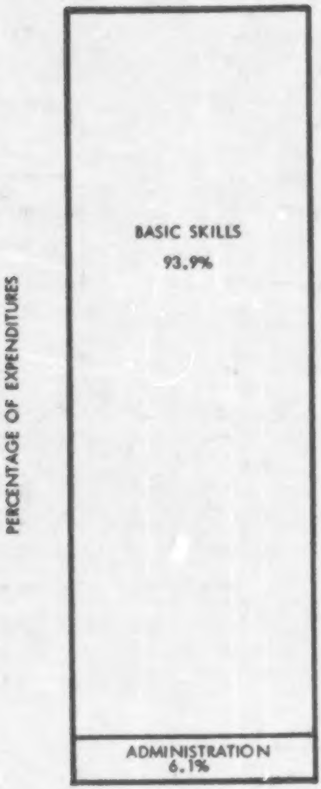


CHART VI OVERLAY

EXPENDITURE OF ESEA TITLE I FUNDS
BY PROGRAM PURPOSE

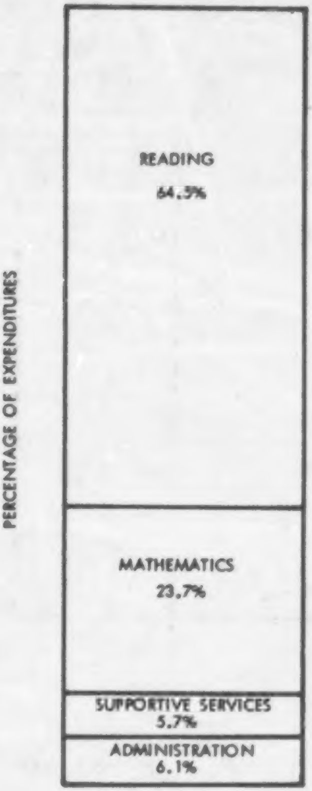
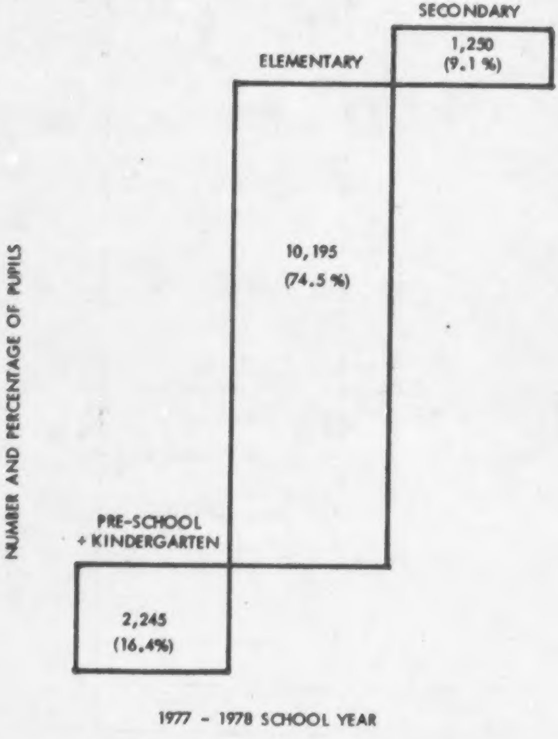


CHART VII

NUMBERS OF PUPILS SERVED WITH ESEA TITLE I FUNDS
BY SCHOOL LEVELS

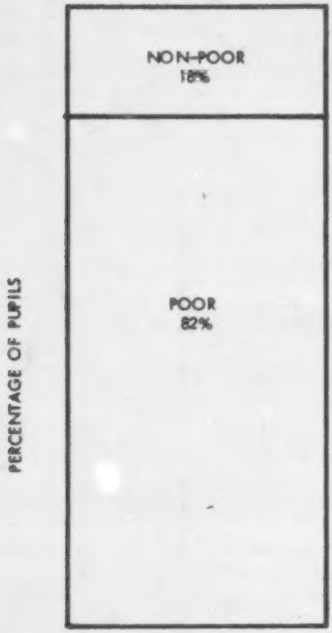


1977 - 1978 SCHOOL YEAR

CHART VIII

PERCENTAGE OF TITLE I PARTICIPANTS

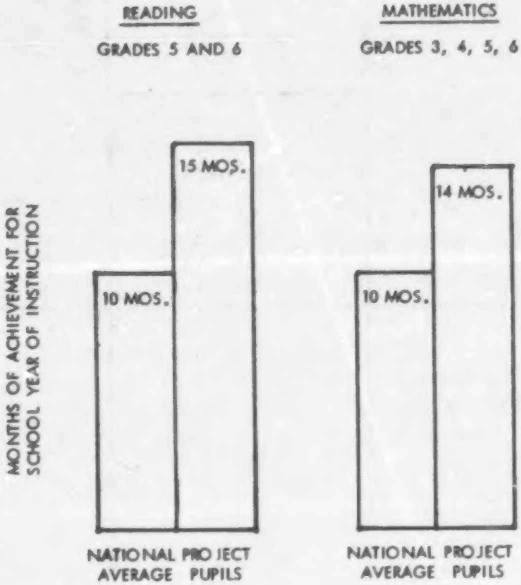
FROM POVERTY LEVEL FAMILIES*



* BASED ON PARTICIPATION IN NATIONAL SCHOOL LUNCH PROGRAM

CHART IX

EFFECT OF TITLE I READING AND MATHEMATICS PROGRAMS
ON GROWTH IN ACHIEVEMENT
1976 - 1977



Dr. BRIGGS. First of all, I want to say to the committee again we appreciate this opportunity of testifying on this most important subject.

I have brought with me two individuals who are very closely related to Title I in the city of Cleveland, Dr. John Nairus, at my right, who administers the program, and Mr. Peter Carlin, Assistant Superintendent of Schools in Cleveland, who is in charge of the division that does our research and development.

I have been before this committee on many occasions in the past, and probably am the only superintendent of any city in the United States, large city, urban center, who predates Title I.

Mr. KILDEE. The tenure of superintendents is not long in large cities.

Dr. BRIGGS. That is right. And it seems to be getting shorter, sir, as days go by. But I have been in the City of Cleveland now for 14 years, and as I have come before this committee time after time talking about Title I, I recall very vividly those days when Title I was being written, the aspirations we had for it, the things we wanted to do with children in the urban centers, those were the days that we were just recently discovering that we had big pockets of young people who were suffering from many kinds of problems, disadvantages, and so we began working on some kind of educational additives for the children of the poor. In concentrated areas, and over the years we have refined, we have changed and sometimes diluted that program, but Title I is still a viable program.

As I come before this committee today, I want to say that in the 14 years experience I have had as an urban superintendent, I have never experienced the sense of crisis relative to education that exists in our cities today, the almost inability of the cities of America to provide the kind of quality education that the children need. It's almost broken down.

This fall there were many school districts across this country in our urban centers that had difficulties in opening their doors, and as I am here today, there are some of our large cities with their doors closed today.

The city of Cleveland came very close to being closed for the rest of this fiscal year until January 1. It is a long and disturbing story.

Mr. KILDEE. As a matter of fact, there are some very important elections in Ohio taking place today regarding some Ohio school districts.

Dr. BRIGGS. This is right. There are 200 some odd school districts in the State of Ohio whose future depends on how the electorate votes today. Forty of those school districts may close tomorrow if their elections are not successful. So, I come today in the kind of a feeling of panic, I guess, a feeling of urgency.

I have a series of charts that Mr. Carlin is going to show you that I think will pretty much tell the story. If we can take a look at the first chart, you will see here what has happened since 1950 through 1975-76. The population of the City of Cleveland, representing the red line, has dropped from 914,000 to 638,000 people. That population has dropped drastically.

At the same time, the surrounding suburbs around the city, the population has gone up from about 474,000 to 955,000. It shows what is happening to the urban center, to the city, a rapid decrease in population, where around the city are many new cities being developed with an increased population, and many of the people going into these suburban cities surrounding the city of Cleveland are individuals who moved out of the city of Cleveland. The affluent, the ones with money, the individuals who have the capacity to flee, have done exactly that. In our city one of our landmarks is the Terminal Tower downtown. We sometimes humorously say we can measure a person's wealth by the distance he lives from the Terminal Tower. If he lives way out he probably is much more affluent than if he lives close in. Probably 85 percent of all of the welfare people in the county live within about a two or three mile radius of Terminal Tower, or downtown.

The second chart shows what happened to school age youth during this same period in the city of Cleveland.

Now, this is not public school involvement. This is total school-age youth. They dropped from 199,000 down to 147,000 in 1977; in other words, a 25.8 percent loss in young people. This represents a line that parallels pretty much the other one you saw a few moments ago. However, if we wanted to go back to another interesting statistic between 1950 and 1964, during that small period the city lost 10,000 people but the school district gained 50,000 students. The student loss has not been as great as the total population loss.

The next chart shows the number of school-age children on welfare in the city of Cleveland. While you notice there was a 25 percent reduction during the same period of time, 25 percent reduction in the number of school-age children, when you take a look at this chart you find that there was a 64 percent gain in children from welfare families. In other words, the city and the school system has become an area of a concentration of the poor, and these two charts, when shown side by side, show actually what our problem is, and this is why our great concern about Title I, which addresses itself to one kind of disadvantage, and that is poverty.

The next chart shows the allocation over a period of time of Elementary and Secondary Education Act moneys under Title I. You will note that in 1966 we were something like $5 million, then it moved up and moved up rather steadily to 1974 when it peaked at something like $10 million, but since 1974 it has been moving down. It has been moving down at a time when we still have the large, heavy concentrations of the poor. A part of it is due to the fact that the way we figure the Title I moneys still goes back to that 1970 Census and since 1970 we have gained many, many more children on welfare. But since the 1970 census is used as a key data point in figuring our eligibility, despite the fact there have been from time to time increases in the amount of money made available, we have had real difficulty in getting the kind of funding that is necessary.

This next chart is a very interesting one, particularly when we show you the overlay. Each one of those smiling faces represents 2,000 students; they represent 2,000 students who in 1974 were eligible in Cleveland for Title I moneys. These are students that were being served in 1974. However, when we went to the new count we still had the same number of students, but we dropped from an eligibility of 64,000 to an eligibility of 41,000. So we have drawn lines through these faces. These have been eliminated from eligibility; yet every one of them is still there. So here was a decrease of over 20,000 some odd eligible students simply because of a change in the formula and the way they are counted.

Many times questions are raised relative to how the money is spent, what it goes for. If you will notice, this bar represents the total amount of expenditure in Title I. The red portion of the bar at the bottom is 61/10 percent. That is the portion in Cleveland that is spent for administration. Basic skills 93.9 percent. I understand that the national average for administration is somewhere around 8 percent, which means there are many city school districts where administration costs would be up around 12, 14, 15 percent in order to get the average of 8 percent. Ours has stayed at 6.1 for some time. We concentrate very heavily on the basic skill area.

When we take the basic skills and break them down to see just exactly what it is, this area right here represents reading, the amount of effort that goes into reading, 64.5 percent. The yellow represents the area of mathematics, 23.7 percent. Supportive services represents that other group of about 5.7 percent, and supportive services includes health services, counselling, speech corrections, speech therapy, hearing therapy, and so on, and then the 61.1 percent of administration. This is the administration costs for those basic services that are presented.

When we break it down in another way as to the areas that we serve we find, for example, pre-school and kindergarten areas, about 2,243 of the students come under that program, or 16.4 percent of our effort on the program goes to pre-school and to kindergarten children, getting an early start. Then 74.5 percent goes to elementary, which represents over 10,100, approximately 10,200 students.

In the secondary, it's 9.1 percent that goes into secondary or 1,250 students, and I might say that secondary in our organization includes junior high school, and practically all of that 9 percent goes into the seventh grade area for the new junior high school student, the new student going into secondary schools, the student whose capability shows him to be deficient, who comes from a high poverty area, who needs many supportive services, and in many cases needs remedial reading and mathematics, and in some cases just a kind of counselling that a young person entering their teens needs to keep them from becoming a dropout.

We concentrate in the lower end of the secondary, not in the upper end, but this shows where we have placed our emphasis there.

As far as the total amount that goes or effort to children, 82 percent come within the category of the economically poor, the disadvantaged, where we have concentrations of the poor. Because of other kinds of disadvantages that students have where they also need further additives, approximately 18 percent goes to the nonpoor. In many cases, in most cases, the nonpoor are in our concentrations of our schools where we do have a heavy grouping of poor students. I remember we have quite a few schools in Cleveland today where we have over 95 percent of the children from welfare families. We have a couple of schools where we have over 97 percent of the total enrollment from welfare families. Therefore, these are also the schools where we have our lowest achievement, where we have a double kind of disadvantage, a disadvantage that relates to achievement, and a disadvantage that relates to poverty. However, the nonpoor represents about 18 percent of our expenditure, and the poor 82 percent.

I am very happy to show this chart; we are proud of this, because I know you hear what we hear many times, and that is that Title I has not made a difference, that nothing has happened where Title I programs have been in effect.

This line over here, this bar represents a 10-month period, which is the national average. If you use national scores you will find children, nationally in elementary schools in reading, grades 5 and 6, will advance during a school year by 10 months. Actually, in the city of Cleveland, when we took a look at our control groups, the ones that we do not give Title I programs to, we found that their advancement was closer to 7 months, which was under the national average. However, this bar represents the growth of the children in our reading programs under Title I, the fifth and sixth grade students, the average growth has been 15 months, in other words, the kind of additives that Title I in the city of Cleveland in the area of reading is giving growth and achievement and catch-up kind of achievement that sometimes questions are raised about.

We have absolute, strong data on this that shows this is true in reading.

Over on the next wing of this chart you find the same thing true in mathematics. The first bar shows the national average to be a 10-month growth during a school year. While in the third, fourth, fifth and sixth grade areas, where we have special projects in mathematics in Cleveland, the growth in mathematics, as measured by national instruments, shows a 14-month growth. In other words, the growth in mathematics and the growth in reading for these specialized programs, where we are using Title 1 moneys, is a growth pattern approximately 100 percent greater than the normal growth pattern of youngsters in similar situations with similar needs in the city of Cleveland.

We are very concerned with the future of Title I. We have a strong conviction that it is working in our city. As we approach the financial crisis that we have with a declining tax base, during the last 6 years, for example, the tax base in the city of Cleveland has produced only about a 2 percent increase in revenue, while the cost of living index has gone up between 45 and 48 percent. We have got great concern that the children who need the assistance the most should be the children that perhaps should receive more additives and not fewer additives.

At no time in the entire history of Title I in the Cleveland public schools have we ever had sufficient funds to reach one-half of the children that would be eligible. We feel that we have got not only to concentrate where we have the greatest number of the poor, as well as the ones with poor achievement, but we would like to think that the time might come in this country when in our cities that we would be able to provide the services for a greater percent of those who really are eligible.

To save time and yet to give you sufficient information, we have placed in the packet a description of each of the Title I programs that we have. I think they are self-descriptive. I will not run through them, but each of them describes each one of the 13 programs that now are operated under Title I.

I want to thank you for the opportunity of appearing today and I would be very happy to attempt to answer any questions that I can answer, and if I can't, I am sure I have colleagues here who can be of assistance.

Mr. KILDEE. Thank you very much, Dr. Briggs, for your very excellent testimony.

I was impressed by the chart showing the growth in achievement. Rather, I think then the seven months you had found prior, 10 months being the national average, you are now achieving 15 months in the reading improvement skills. There has been some testimony or some suggestion to this committee that much of that growth in achievement is lost during the summer months.

Have you had any experience of testing those children in September to see how much retention there is of that growth in achievement?

Dr. BRIGGS. Our effort is just a little different here than I think the national. We have almost, in effect, a year-round school district. We will enroll in the summer in Cleveland approximately 75,000 to 80,000 children out of our 100,00 and maybe 120,000. We have gone the route of the State Legislature asking the State for additional kinds of moneys for programs that would further complement Title I, and out of these moneys we have been able to keep many of our schools open in the summer with the result that we have been able to bring these children in on a kind of a restricted basis. But I think one of the worst things we have in American education is the fact that we take such a long period away from children who need education additives the most, and there can't help but be, I suppose, some adverse effects. We do not have any measurement of such, however.

Mr. KILDEE. Do you feel that these summer programs are keyed to the retention of improvement growth?

Dr. BRIGGS. Yes. I think also in the summer, the American tradition in education being what it is, you can do some of the exciting things maybe you neglect during the regular year, and motivation is so important to these children, to keep them focused on reading, focused even in the arts, focused on those things that will make them better human beings. I hate to think of a three month vacation from those kinds of activities.

One of the things that the Federal Government might very well do that would seem to be appropriate because you usually prod us into doing things by using a very successful device, and that is making money available on a categorical basis, if we do certain things you will pay for it. You did that to us so well in science a few years ago that we have produced so many scientists we scarcely, as a nation, knew what to do with them.

It seems to me that summer programs for disadvantaged, whether they be educationally, or economically disadvantaged, with some kind of Federal encouragement, would be something to take on in a hurry in this country.

Mr. KILDEE. Do you have a significant number of students attracted to your summer programs?

Dr. BRIGGS. Yes, we have. As I indicated, probably 70 percent o our enrollment is involved some way in the summer programs.

Mr. KILDEE. Dr. Briggs, Mr. Miller mentioned prior to you arrival that four out of five school districts undergoing integratio in Ohio opposed the follow-the-child amendments. Do you have an comments on that? We had the fifth district testify before thi committee.

Dr. BRIGGS. Yes. I think that there may be some things there tha you are going to have to perhaps allow us some flexibility when w get into a court decision that in one situation may encourage goin one way, and in another court in another part of the country wil encouraage going the other way.

Actually, philosophically, we really have some concerns abou taking children and placing them in such a way that they will no be where there are concentrations of Title I children. I am afraid i we go just the direction of following the child and then set up Title programs in those buildings, we are going to have to spend a greate amount of our money on administration than what we do in th kinds of concentrations we have. I think also unless we expand i out to include a broader spectrum we may come to a situatio where we are again resegregating these students as we move the across the town into new locations.

Our plan has not yet been approved in Cleveland. We expect decision from the court on the plan within a few weeks. There ha been a great deal of discussion on this, and at this point I would, fo fear of perhaps making a recommendation that might be at cros purposes with the court, I would simply say I think we ought t attempt to hold to something that is rather flexible that could b adjusted to a court decision.

Personally, I would prefer seeing what has happened where w can concentrate staff, where we can concentrate reading materials educational materials and children. I kind of have a feeling we ca move a little faster where we have the concentrations. We may no have luxury in the future. I don't know.

I know it didn't answer your question. I think I came back to sa let's be flexible in this respect.

Mr. KILDEE. I recognize we can't chip all of these things in stone We have to have some flexibility.

Thank you, Dr. Briggs.

I will now defer to the majority counsel, Mr. Jack Jennings, fo questions.

Mr. JENNINGS. Good morning.

Dr. BRIGGS. Good morning, Jack.

Mr. JENNINGS. I too would like to convey to you Mr. Perkins regards. He was delayed in Kentucky, and he obviously has a ver high regard for you and for the way you operate your programs i Cleveland.

Dr. BRIGGS. I hope you will take my best regards back to Chairman Perkins, as you know the great affection this country has fo him and his leadership in the area of education. We certainly share it.

Mr. JENNINGS. I would like to ask you a couple of questions about your testimony. With the statistics you presented to the committee showing your decline in Title I allocations since 1974 with the effect of the new formula change, you did not make any recommendations, asking for a change in the formula. Could we understand your testimony though to lead to the natural conclusion that you would recommend a restoration of some type of concentration factor in the Title I forumula such as there used to be prior to 1974 with what was called Part C?

Dr. BRIGGS. Yes. And in the testimony that I am filing we get into that, and we suggest that one of the things we ought to look at is Title I, Part C, because in a city like ours, and you understand I am talking as an urban superintendent, and my viewpoint has to be one focused on our city, we have some young people who are in low rent housing areas and Title I, Part C, if realistically funded at a realistic level, would be a very good delivery system to an urban school district. I think that it would be a way to offset that lag that occurs between the census count and what happens between census periods.

As you know, in Cleveland that census count in 1970 is way off from the reality of poverty, families in poverty with children, today.

Mr. JENNINGS. I know in 1974 you made some very great efforts on your own part for Cleveland, and also for the great city schools of the country, to try to modify the change which was going to come about in the new formula so it wouldn't have quite this effect in the large cities. At that time you were proposing there be some type of concentration factor which would not only concentrate on the large cities with additional funds, but would also give some funding to the poorest rural areas.

Would that still be your position?

Dr. BRIGGS. The testimony we gave then would still hold today, yes.

Mr. JENNINGS. If I can ask you a second question, last week a study was presented to the committee from the Decima Corporation, and that study has been quoted as saying that almost a majority of the children in Title I programs are regular achievers, are not low achievers, and almost a majority of the children in Title I programs are nonpoor instead of poor.

From your experience in Cleveland, do you believe that both of those conclusions could be accurate for your program?

Dr. BRIGGS. Yes. This is not the case in Cleveland. We actually took a survey of the children that we serve, and we used another yardstick on them to see whether using the school lunch yardstick, whether they fell into that category of being poor or nonpoor, and using that yardstick we found 82 percent of those who are receiving Title I programs in the city of Cleveland fall into the category of poor, and only 18 percent in the nonpoor category.

Mr. JENNINGS. Using the school lunch criteria though, did you use the criteria for just free meals or for free and reduced price meals?

Dr. BRIGGS. Only free meals.

Mr. **Jennings**. And for free meals, the basic criterion for f meals under the School Lunch Act, is the current Orshans definition of poverty, plus 25 percent at the State's option, and t does not go up to 195 or 200 percent of the poverty definiti therefore, your definition of poverty is very close to what is used Title I.

Dr. **Briggs**. Yes, that is right.

Mr. **Jennings**. Could I also ask you, within your statistics on t concentration on elementary grades, the overwhelming majority your money is used, I think it's 90 percent of your money is us for pre-school education, or early elementary education. Could y tell me of the amounts of money you used for elementary grad overall, how much is used for early elementary grades?

Dr. **Briggs**. On basic skills it happened to be $7,653,000 or 9 percent. As we break that down, 64.5 percent of it went for readi or $5.2 million. But $1.1 million went into mathematics for 2 percent, and then supportive services, about 460,000 into su things as speech therapists, health services, and so on.

Mr. **Jennings**. Could you give us that data by grade lev though? Is the concentration of money in the elementary grades the early elementary or is it spread throughout elementa education?

Dr. **Briggs**. We only have it in the number of children served a percentage. However, we could give it to you in the dollars. F example, in the elementary, that is 74.5 percent; that represe visiting 10,195 elementary children. Pre-school is 2,245 for percent. And then at the secondary level it's 1,250 for 9.1 perce and as I indicated in the secondary, it's pretty much confined to t first year of junior high school, which in many school systems still considered to be in the elementary. So nearly all of our mon is concentrated in the elementary area.

Mr. **Jennings**. Let me just ask one other question before I yie since Mrs. Chisholm may be coming in pretty soon.

It seems that the Decima study is based on a definition of l achievement which says that a child has to be one full year behi in both reading and mathematics in order to be defined as a l achiever. Now they are breaking the data down further to make either reading or math and their results may be quite differe

But using a very strict definition of low achievement, one f year for reading and math, they have come up with the conclusi that almost a majority of the children in Title I are regu achievers and not this type of low achiever. The problem with t type of definition is that it is probably too strict to talk about bo reading and math as a definition of low achievement and if sch districts such as yours are concentrating your money on pre-e mentary or early elementary grades, it is somewhat misleading talk about one full year behind in either because if a first grader six months behind in anything, that first grader is in pretty seri trouble as compared to a sixth or seventh grader who is one f year behind because the distance you can be behind in an ea elementary grade is much less than in a later grade.

So those findings have to be taken with that type of cautio Do you have any comments on that?

Dr. **Briggs**. I would like to ask Dr. Nairus to respond.

Dr. **Nairus**. Of the elementary money, about one third is spent in grades 1, 2, 3 and two thirds in 4th, 5th and 6th grades.

Second, we do not use one year behind such as the Decima study did use. We use 33 percentile and below on a standardized test. Therefore, using 33 percentile or below on a standardized test would not make the child necessarily one year behind. He would be less than that. But he is still educationally disadvantaged because of using the percentile of below.

Mr. **Jennings**. Decima said using the percentile method there is much more of a correlation between poverty and educationally disadvantaged.

Dr. **Nairus**. That is right.

Mr. **Kildee**. Mr. Cross?

Mr. **Cross**. Dr. Briggs, to return to the figures on the number who are poor and nonpoor, you said you used free school lunch data which is 125 percent of Orshansky. Did you also get that data on the basis of the current definition of Title I, below Orshansky, or do you have it only in terms of the school lunch program?

Dr. **Briggs**. We don't have current Orshansky. We go back to 1970 on those figures. That is one of the things that gives us so much difficulty.

Mr. **Cross**. Do you have data based on a 1970 definition of Orshansky?

Dr. **Briggs**. I am going to ask Dr. Nairus to answer.

Dr. **Nairus**. Under the National School Lunch Act there is a chart that specifies what a family of four may make. A family of four this year may make up to $7,610. So that would be the standard that we are using. I know the latest Orshansky count would be $6,730. So this is slightly above that which was published in May for the Orshansky figure.

Mr. **Cross**. Then you are telling me all you have is something related to school lunch eligibility?

Dr. **Nairus**. Yes.

Mr. **Cross**. I assume the Cleveland City schools test their students in some grade levels or in some configuration each year. Do you have a ranking of those schools by achievement? Can you submit that for the record and compare that with the range and poverty in those same schools?

Dr. **Briggs**. We would be very happy to. The interesting thing is that there is a real close relationship between the achievement on national scores and our ranking on poverty and the percent of youngsters.

Mr. **Cross**. I would be interested in seeing if there is a phenomena such as we saw in Detroit. Although the correlation is good, there are some great differences which occur.

Dr. **Briggs**. We will submit that to you.

Mr. **Kildee**. Without objection, it will be made a part of the record.

[The information referred to follows:]

CLEVELAND PUBLIC SCHOOLS

1380 East Sixth Street • Cleveland, Ohio, 44114 • Telephone 696-2929

PAUL W BRIGGS
Superintendent

November 29, 1977

Mr. Jack Jennings, Counsel
House Labor & Education Committee
2365 Rayburn Building
House Office
Washington, D.C. 20515

Dear Mr. Jennings:

In answering questions following my testimony to the House Subcommittee on Education and Labor on November 8, 1977, I was asked to forward information concerning (1) changes in pupil enrollment in the Cleveland Public Schools and (2) information that compared pupils' achievement in reading with the poverty status of the schools they attended. This information is attached hereto.

In attachment 1, pupil enrollment in our public schools is compared with total school-age population in Cleveland and with total population in Cleveland.

In attachment 2, each Cleveland elementary school is listed in poverty order and the reading comprehension score on grade 3 and grade 6 tests (with city-wide rank) is given. You will note at the end of each set that the correlations between poverty status and reading comprehension scores for grades 3 and 6 are .48 and .57 respectively.

Please advise if any further information is needed.

Sincerely yours,

Paul W. Briggs

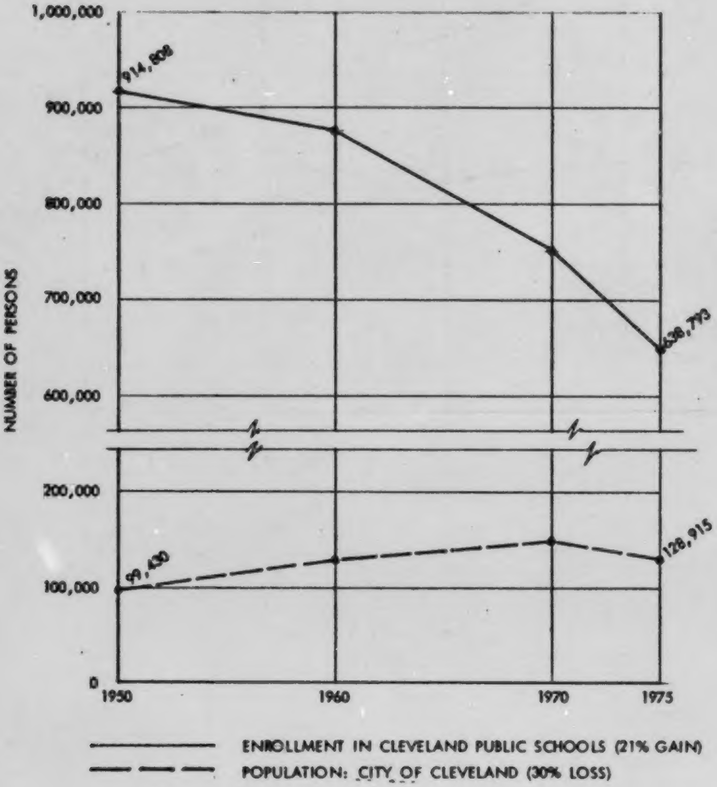
Paul W. Briggs
Superintendent
Cleveland Public Schools

PWB:eet

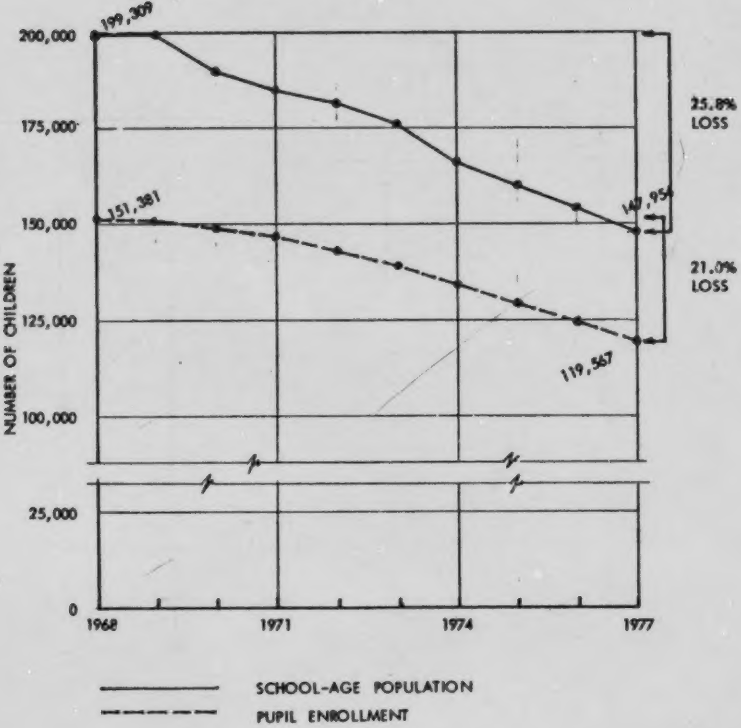
Attachments

Attachment 1

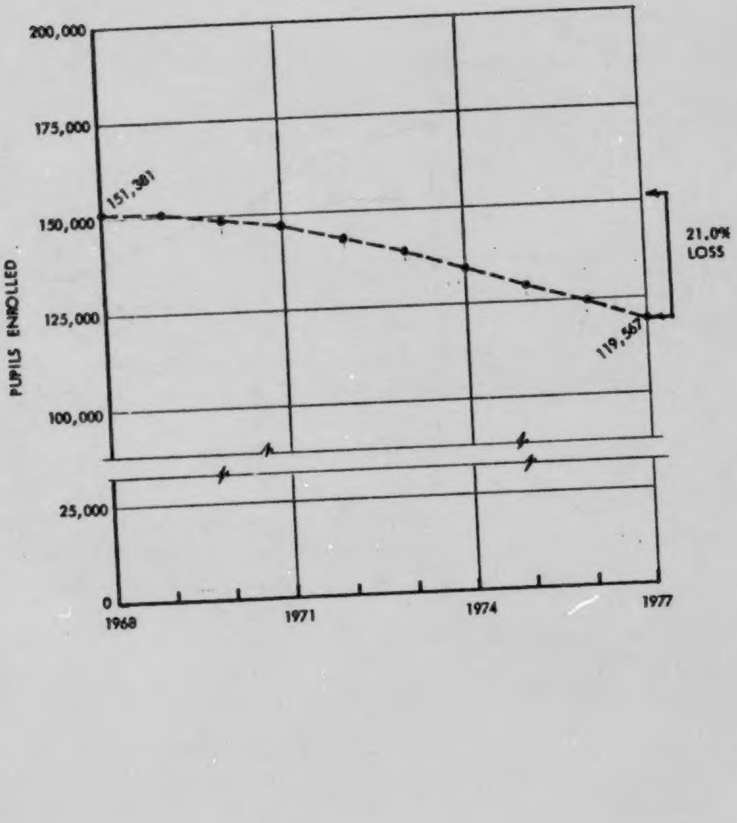
POPULATION CHANGES: CITY OF CLEVELAND
VS.
PUPIL ENROLLMENT: CLEVELAND PUBLIC SCHOOLS
1950 - 1975



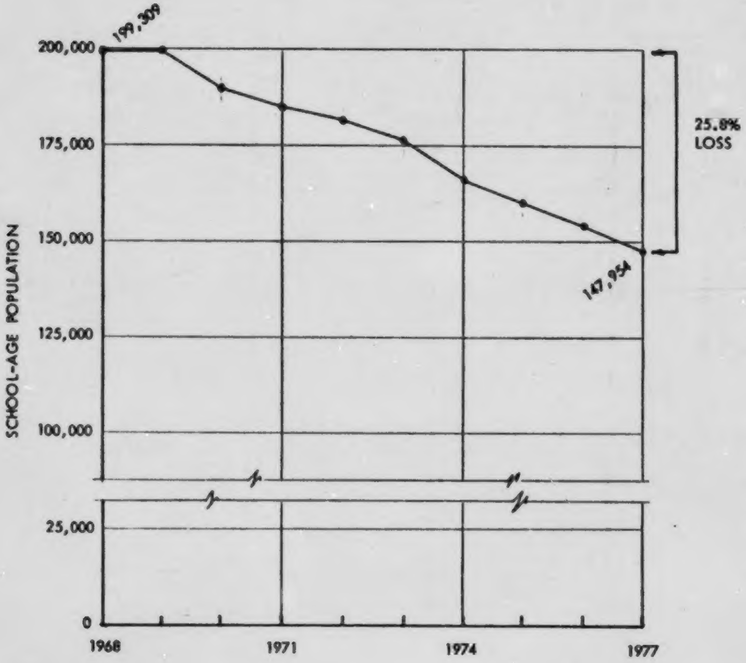
SCHOOL-AGE POPULATION (CITY OF CLEVELAND)
AND
TOTAL ENROLLMENT (CLEVELAND PUBLIC SCHOOLS)
1968 - 1977



TOTAL ENROLLMENT
CLEVELAND PUBLIC SCHOOLS
1968 - 1977



SCHOOL-AGE POPULATION
CITY OF CLEVELAND
1968 - 1977



Attachment 2

POVERTY STATUS VS. READING ACHIEVEMENT

1976-77

Grade 3

SCHOOL	Poverty Status*		Reading Comprehension**	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Marion-Sterling	98.2%	1	27	80.5
Longwood	97.7%	2	30	48
C. W. Chesnutt	91.2%	3	25	103.5
A. A. Benesch	78.7%	4	25	103.5
Dike	72.9%	5	22	123
Mary B. Martin	72.4%	6	29	60
John Burroughs	69.3%	7	30	48
Margaret A. Ireland	68.0%	8	27	80.5
G. W. Carver	66.2%	9	30	48
Sowinski	65.8%	10	17	129
O. W. Holmes	65.2%	11	26	93.5
C. H. Lake	64.8%	12	30	48
Bolton	64.1%	13	25	103.5
Giddings	62.5%	14	26	93.5
Anthony Wayne	61.8%	15	22	123
Washington Irving	61.4%	16	27	80.5
Mary B. Bethune	59.9%	17.5	29	60
Rosedale	59.9%	17.5	32	30
Crispus Attucks	59.8%	19	22	123
Quincy	59.6%	20	22	123
J. D. Rockefeller	59.3%	21	26	93.5
J. F. Landis	58.9%	22	32	30
Mt. Pleasant	55.1%	23	27	80.5
Tremont	54.6%	24	23	118
Anton Grdina	54.2%	25	21	127.5
Charles Orr	54.0%	26	24	112.5
Mt. Auburn	53.6%	27	25	103.5
Louis Pasteur	53.4%	28	25	103.5
Wade Park	53.1%	29.5	30	48
Chesterfield	53.1%	29.5	26	93.5
Daniel E. Morgan	52.7%	31	24	112.5
Hazeldell	52.3%	32	27	80.5

* % of pupils receiving welfare - 12/76 Rank: 1(highest poverty)to 130 (lowest poverty)

** CTBS Reading Comprehension administered April, 1977 Rank: 1(highest score) to 130 (lowest score)

POVERTY STATUS VS. READING ACHIEVEMENT

1976-77

Grade 3

SCHOOL	Poverty Status*		Reading Comprehension**	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Kentucky	51.5%	33.5	27	80.5
W. H. McGuffey	51.5%	33.5	24	112.5
Columbia	50.5%	35	32	30
Hicks	50.3%	36	33	23
John W. Raper	49.7%	37	26	93.5
Stephen E. Howe	48.5%	38.5	37	4.5
Boulevard	48.5%	38.5	32	30
Robert Fulton	47.6%	40	27	80.5
Forest Hill Parkway	46.3%	41	27	80.5
East Clark	46.0%	42	27	80.5
H. W. Longefllow	45.4%	43	27	80.5
Doan	45.3%	44	34	17.5
Capt. A. Roth	44.2%	45.5	24	112.5
Orchard	44.2%	45.5	26	93.5
Buckeye-Woodland	44.0%	47	25	103.5
Miles Park	43.9%	48	22	123
Lafayette	43.8%	49	21	127.5
Parkwood	43.7%	50	27	80.5
Stanard	43.0%	51	25	103.5
Woodland Hills	42.6%	52.5	22	123
P. L. Dunbar	42.6%	52.5	29	60
Hodge	42.4%	54	24	112.5
K. W. Clement	41.9%	55	32	30
Wooldridge	40.9%	56	11	130
Walton	40.6%	57	28	68.5
Charles Dickens	40.4%	58	23	118
Miles	38.1%	59	24	112.5
Miles Standish	37.7%	60	28	68.5
Iowa-Maple	35.7%	61	27	80.5
East Madison	35.5%	62	26	93.5
Harvey Rice	35.2%	63	27	80.5
Moses Cleaveland	33.0%	64	31	37.5
Gordon	32.1%	65.5	29	60
Willow	32.1%	65.5	23	118
A. J. Rickoff	31.9%	67	22	123
Corlett	31.0%	68	30	48

*% of pupils receiving welfare -12/76 Rank: 1(highest poverty) to 130(lowest poverty)

**CTBS Reading Comprehension administered April, 1977 Rank: 1(highest score) to 130 (lowest score)

POVERTY STATUS VS. READING ACHIEVEMENT

1976-77

Grade 3

SCHOOL	Poverty Status*		Reading Comprehension**	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Waverly	30.8%	69	28	68.5
Scranton	30.3%	70	29	60
Paul Revere	29.5%	71	31	37.5
Clark	29.4%	72	25	103.5
Dawn	28.7%	73	26	93.5
Watterson	27.4%	74	28	68.5
Case	26.9%	75	29	60
Buhrer	26.3%	76	30	48
M. C. Seltzer	25.3%	77	32	30
Emile deSauze	25.1%	78	26	93.5
Clara T. Brewer	24.6%	79	30	48
Fruitland	24.5%	80	30	48
Barkwill	24.3%	81	32	30
Cranwood	24.0%	82	28	68.5
Tod	23.3%	83	24	112.5
Sackett	22.4%	84	24	112.5
Euclid Park	20.7%	85	29	60
East Denison	20.5%	86	28	68.5
Harvard	20.3%	87	37	4.5
Union	20.0%	88	26	93.5
Puritas	19.4%	89	30	48
Gilbert	18.8%	90	28	68.5
Halle	18.0%	91	35	11.5
Denison	17.9%	92.5	30	48
Verda Brobst	17.9%	92.5	32	30
Milford	17.2%	94	30	48
W. H. Brett	16.8%	95	30	48
Beehive	16.7%	96	29	60
Brooklawn	16.4%	97	27	80.5
Willard	15.8%	98	31	37.5
Mound	15.4%	99	25	103.5
Longmead	15.3%	100.5	27	80.5
T. L. Johnson	15.3%	100.5	34	17.5
Memorial	14.8%	102.5	35	11.5
Gracemount	14.8%	102.5	35	11.5
Murray Hill	13.6%	104	27	80.5

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*%of pupils receiving welfare - 12/76 Rank: 1(highest poverty) to 130 (lowest poverty)

**CTBS Reading Comprehension administered April, 1977 Rank: 1(highest score) to 130 (lowest score)

POVERTY STATUS VS. READING ACHIEVEMENT

1976-77

Grade 3

SCHOOL	Poverty Status*		Reading Comprehension**	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Warner	13.0%	105	29	60
Fullerton	12.5%	106	32	30
E. M. Williams	12.2%	107	28	68.5
McKinley	11.7%	108	33	23
Louisa M. Alcott	9.9%	109	36	7.5
Denning	9.7%	110	34	17.5
Almira	9.6%	111	30	48
Washington Park	8.9%	112	25	103.5
Memphis	8.7%	113.5	33	23
Mark Twain	8.7%	113.5	37	4.5
Louis Agassiz	7.7%	115	35	11.5
W. C. Bryant	7.4%	116.5	31	37.5
A. E. Stevenson	7.4%	116.5	33	23
Benjamin Franklin	7.3%	118	33	23
Nathaniel Hawthorne	6.7%	120	34	17.5
O. H. Perry	6.7%	120	35	11.5
Paul Bellamy	6.7%	120	35	11.5
Hannah Gibbons	6.1%	122	34	17.5
Garfield	5.9%	123	31	37.5
Artemus Ward	4.1%	124	31	37.5
George Washington	3.6%	125.5	40	1
R. G. Jones	3.6%	125.5	34	17.5
W. R. Harper	3.5%	127	38	2
Douglas MacArthur	2.9%	128	30	48
Valley View	2.5%	129	36	7.5
Riverside	1.9%	130	37	4.5

* % of pupils receiving welfare - 12/76 Rank: 1(highest poverty) to 130 (lowest poverty)

**CTBS Reading Comprehension administered April, 1977 Rank: 1(highest score) to 130 (lowest score)

Correlation: % poverty vs. reading raw score = -.48

POVERTY STATUS VS. READING ACHIEVEMENT**

1976-77

Grade 6

SCHOOL	Poverty Status *		Reading Comprehension**	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Marion-Sterling	98.2%	1	27	93.5
Longwood	97.7%	2	28	79.5
C. W. Chesnutt	91.2%	3	28	79.5
A. A. Benesch	78.7%	4	25	116
Dike	72.9%	5	23	121
Mary B. Martin	72.4%	6	31	46.5
John Burroughs	69.3%	7	26	108
Margaret A. Ireland	68.0%	8	30	58
G. W. Carver	66.2%	9	21	123.5
Sowinski	65.8%	10	25	116
O. W. Holmes	65.2%	11	30	58
Charles H. Lake	64.8%	12	28	79.5
Bolton	64.1%	13	27	93.5
Giddings	62.5%	14	29	70.5
Anthony Wayne	61.8%	15	28	79.5
Washington Irving	61.4%	16	27	93.5
Mary M. Bethune	59.9%	17	26	108
Crispus Attucks	59.8%	18	28	79.5
Quincy	59.6%	19	23	121
J. D. Rockefeller	59.3%	20	30	58
Joseph F. Landis	58.9%	21	28	79.5
Mt. Pleasant	55.1%	22	32	39
Tremont	54.6%	23	27	93.5
Anton Grdina	54.2%	24	26	108
Charles Orr	54.0%	25	27	93.5
Mt. Auburn	53.6%	26	30	58
Louis Pasteur	53.4%	27	35	12.5
Wade Park	53.1%	28.5	27	93.5
Chesterfield	53.1%	28.5	33	29
Daniel E. Morgan	52.7%	30	28	79.5
Hazeldell	52.3%	31	30	58
Kentucky	51.5%	32	26	108
Columbia	50.5%	33	32	39
Hicks	50.3%	34	27	93.5
John W. Raper	49.7%	35	29	70.5
Stephen E. Howe	48.5%	36.5	26	108

* % of pupils receiving welfare - 12/76 Rank: 1(highest poverty)to 125 (lowest poverty)

**CTBS Reading Comprehension administered February, 1977 Rank:1 (highest score) to 125 (lowest score)

POVERTY STATUS VS. READING ACHIEVEMENT**

1976-77

Grade 6

SCHOOL	Poverty Status*		Reading Comprehension **	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Boulevard	48.5%	36.5	32	39
Robert Fulton	47.6%	38	30	58
Forest Hill Parkway	46.3%	39	27	93.5
East Clark	46.0%	40	26	108
H. W. Longfellow	45.4%	41	32	39
Doan	45.3%	42	19	125
Capt. A. Roth	44.2%	43.5	24	119
Orchard	44.2%	43.5	26	108
Buckeye-Woodland	44.0%	45	22	122
Miles Park	43.9%	46	26	108
LaFayette	43.8%	47	30	58
Parkwood	43.7%	48	33	29
Stanard	43.0%	49	29	70.5
Woodland Hills	42.6%	50.5	26	108
Paul L. Dunbar	42.6%	50.5	27	93.5
Hodge	42.4%	52	31	46.5
K. W. Clement	41.9%	53	28	79.5
Wooldreidge	40.9%	54	24	119
Walton	40.6%	55	34	20
Charles Dickens	40.4%	56	28	79.5
Miles	38.1%	57	27	93.5
Miles Standish	37.7%	58	27	93.5
Iowa-Maple	35.7%	59	30	58
East Madison	35.5%	60	24	119
Harvey Rice	35.2%	61	27	93.5
Moses Cleaveland	33.0%	62	30	58
Gordon	32.1%	63.5	32	39
Willow	32.1%	63.5	30	58
A. J. Rickoff	31.9%	65	33	29
Corlett	31.0%	66	28	79.5
Waverly	30.8%	67	26	108
Scranton	30.3%	68	27	93.5
Paul Revere	29.5%	69.	29	70.5
Clark	29.4%	70	29	70.5
Lawn	28.7%	71	21	123.5
Watterson	27.4%	72	31	46.5

* % of pupils receiving welfare-12/76 Rank :1(highest poverty) to 125 (lowest poverty)

**CTBS Reading Comprehension administered February,1977 Rank:1(highest score) to 125 (lowest score)

POVERTY STATUS VS. READING ACHIEVEMENT**

1976-77

Grade 6

SCHOOL	Poverty Status*		Reading Comprehension**	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
Case	26.9%	73	32	39
Buhrer	26.3%	74	32	39
M. C. Seltzer	25.3%	75	32	39
Emile B. deSauze	25.1%	76	30	58
C. T. Brewer	24.6%	77	28	79.5
Fruitland	24.5%	78	26	108
Barkwill	24.3%	79	32	39
Cranwood	24.0%	80	27	93.5
Tod	23.3%	81	27	93.5
Sackett	22.4%	82	26	108
Euclid Park	20.7%	83	34	20
East Denison	20.5%	84	30	58
Harvard	20.3%	85	30	58
Union	20.0%	86	30	58
Puritas	19.4%	87	37	4.5
Gilbert	18.8%	88	26	108
Halle	18.0%	89	30	58
Denison	17.9%	90.5	34	20
Verda Brobst	17.9%	90.5	34	20
Milford	17.2%	92	34	20
W. H. Brett	16.8%	93	34	20
Beehive	16.7%	94	33	29
Brooklawn	16.4%	95	31	46.5
Willard	15.8%	96	33	29
Mound	15.4%	97	27	93.5
Longmead	15.3%	98	30	58
Memorial	14.8%	99.5	36	7.5
Gracemount	14.8%	99.5	36	7.5
Murray Hill	13.6%	101	33	29
Warner	13.0%	102	35	12.5
Fullerton	12.5%	103	29	70.5
E. M. Williams	12.2%	104	30	58

*% of pupils receiving welfare-12/76 Rank:1(highest poverty) to 125 (lowest poverty)

**CTBS Reading Comprehension administered February, 1977 Rank: 1(highest score)to 125 (lowest score)

POVERTY STATUS VS. READING ACHIEVEMENT**

1976-77

Grade 6

SCHOOL	Poverty Status*		Reading Comprehension **	
	Poverty Index	City-Wide Rank	Raw Score	City-Wide Rank
McKinley	11.7%	105	33	29
Louisa M. Alcott	9.9%	106	35	12.5
Dawning	9.7%	107	28	79.5
Almira	9.6%	108	30	58
Washington Park	8.9%	109	34	20
Memphis	8.7%	110	36	7.5
Louis Agassiz	7.7%	111	33	29
W. C. Bryant	7.4%	112.5	30	58
A. E. Stevenson	7.4%	112.5	32	39
Benjamin Franklin	7.3%	114	36	7.5
Nathaniel Hawthorne	6.7%	115.5	35	12.5
O. H. Perry	6.7%	115.5		4.5
Hannah Gibbons	6.1%	117	35	12.5
Garfield	5.9%	118	34	20
Artemus Ward	4.1%	119	35	12.5
George Washington	3.6%	120.5	38	2.5
Robinson G. Jones	3.6%	120.5	34	20
W. R. Harper	3.5	122	32	39
Douglas MacArthur	2.9%	123	33	29
Valley View	2.5%	124	40	1
Riverside	1.9%	125	38	2.5

* % of pupils receiving welfare-12/76 Rank 1(highest poverty) to 125(lowest poverty)

**CTBS Reading Comprehension administered February, 1977 Rank:1(highest score) to 125 lowest score)

Correlation: % poverty vs. reading raw score = -.57

Mr. CROSS. To return to the point you were making on the following of a child, do I understand what you said in response to questioning earlier that you are not necessarily opposed to following the child, depending upon what your court order might provide in Cleveland?

Dr. BRIGGS. If we could move away from court orders and desegregation, with the pattern we have in Cleveland where we do have national concentrations of poverty in the near west side and the east side of the city of Cleveland and very little out at the periphery, I would have to say that I would be for following a program of concentration.

However, if a court order comes down that says that we must take these children and equally distribute them across the city, also taking those from the perhiphery and bringing them into the center city, then we, of course, have an entirely different situation. We will be dealing with a desegregation problem and have to find the best, most efficient and the most effective ways of using Title I monies. It is going to be quite a different situation than the present neighborhood kind of schools that we are operating because if the guidelines of the court materialize, the preliminary guidelines given, there will be no neighborhood school in the city, not one. They will all be based on having to have a population model within the school that resembles the total population model of the total city. So there is going to be a massive reassignment of students. This is why I say at this moment I would want to remain kind of flexible on this one.

However, normally I would say in the city of Cleveland where you follow a neighborhood kind of pattern, that I would prefer staying with the concentrations because there is where we have the big problems and in our situation it just seems to make more sense and is easier to bring the programs in and easier to have the concentration of services.

Mr. CROSS. I understand what you are saying. Your response causes me to ask Mr. Miller again about the responses he received from those districts. Dr. Briggs now has given us an answer which I think differs in terms of the philosophy from what I understood you to say earlier.

Did those other three school superintendents understand the context in which this question was asked?

Mr. MILLER. I don't know that I hear Dr. Briggs disagreeing that much. I hear him saying he wants to concentrate services in the inner city. It is your understanding that the Cleveland schools are under court order in this matter and it is difficult to comment. We talked specifically to the superintendents in Cincinnati, Dayton and Columbus. We believe, because we work closely with the cities, that they understand the question. I believe that they would support basically not following the child as the testimony was given. I believe they understood the question, yes.

Mr. CROSS. I do find a contradiction between Dr. Briggs and what you have said. Dr. Briggs is that saying in a desegregation situation the rules are different. That is the context in which the question was asked.

Mr. MILLER. The court order may not give us a choice, you understand.

Mr. **Cross**. Well, I think the court order is only one part of it and you need to then look at the educational part.

Dr. Briggs, one of your charts shows a decline in school-age population in the city of Cleveland, but it does not show the public school population in Cleveland.

Do you have a comparable chart showing the school-age population in the public schools?

Dr. **Briggs**. I do not have it with me, but I will be very happy to furnish it.

We do have it. It shows, for example, as I recall, in 1950 we had a school population of about 90-some-odd thousand public school students. That progressively increased until it peaked in 1965. It peaked at 152,000 students. In 1965 it leveled for about one year and then began to go downward. Last year it was at about 120,000. We opened this fall with approximately 112,000 students. We have set up a 5-year projection which we just furnished to the court last week which indicates that within five years it will be down approximately where it was in 1950, to 90-some-odd thousand students.

Mr. **Cross**. Has the decline in the public school enrollment been greater than the proportionate decline in school-age population in the city?

Dr. **Briggs**. The last year it has been. Prior to that, it was not the case.

Mr. **Cross**. According to the figures then about 35,000 students in Cleveland are in nonpublic schools. Are those who are in nonpublic schools who serviced children from Title I attendance areas also counted in your figures of children who receive Title I services?

Dr. **Briggs**. Yes.

Mr. **Cross**. You also talked about the welfare case increase in Cleveland. I think it was 68 percent over a period of 5 years. I wonder if Mr. Miller can tell us what the increase in the State of Ohio as a whole was in that same period?

Mr. **Miller**. I do not have that data with me. I would be happy to submit it. It is available.

Mr. **Cross**. Fine. Thank you.

[The information referred to follows:]

The following list gives the Ohio total AFDC for students ages 5-17 in Ohio. The year listed is the fiscal year.

Fiscal year:	AFDC
1970	140,604
1971	174,056
1972	178,116
1973	221,537
1974	239,957
1975	243,665
1976	255,405
1977	257,154
1978	252,770

Mr. **Kildee**. Mr. Buchanan?

Mr. **Buchanan**. No, thank you, Mr. Chairman.

Doctor, it is a pleasure to have you before the subcommittee again.

Mr. **Kildee**. We want to thank the panel very much for their expert testimony.

Dr. Briggs. Thank you. We will see that the information you equested is forwarded to you. Again, thank you for the courtesies f listening to us and we extend to the chairman our best wishes.

Mr. Kildee. Thank you very much.

In our next panel we have two of the three members present, Mr. ol H. Pelavin, Deputy Director of the Educational Policy Research enter, SRI International, and Mrs. Phyllis McClure, NAACP Legal efense Fund. Mrs. Chisholm will probably be arriving during the ourse of the testimony of this panel, and as soon as she arrives she ill be asked to present her testimony.

So we will proceed, knowing full well the difficulties of transpor- ation in weather like this, but we will call upon her when she rrives.

Mr. Pelavin.

TATEMENT OF SOL H. PELAVIN, DEPUTY DIRECTOR, EDUCATIONAL POLICY RESEARCH CENTER, SRI INTERNATIONAL, AND PHYLLIS McCLURE, NAACP LEGAL DEFENSE FUND

Mr. Pelavin. Mr. Chairman and members of the committee, I am onored to have been invited to appear before this subcommittee to iscuss issues regarding Title I of the Elementary and Secondary ducation Act.

I am Sol Pelavin, Deputy Director of the Educational Policy esearch Center at SRI International. The center is primarily upported by the Office of the Assistant Secretary for Education, epartment of Health, Education and Welfare. Additional support or our work has been provided by the National Institute of Educa- ion and the Office of the Assistant Secretary for Planning and valuation. My testimony is based on research which was requested s part of ASE and NIE's preparation for the reauthorization of the lementary and Secondary Education Act. However, today I am not resenting the views of SRI, ASE or NIE, but my own judgments, rawn from three years of work.

For the past three years the Educational Policy Research Center t SRI has been studying various aspects of ESEA Title I. Today I ish to make two points: First, that there is a need to fund trategies for combating the summer loss of achievement, and, econd, that there is a need to fund programs for students in junior nd senior high school.

Our study of the achievement of Title I students began with a eport for ASE entitled "Patterns in ESEA Title I Reading Achieve- ent." This report has already been submitted to the subcommittee or its consideration. The report used as the primary data source six ears of State Title I reports supplemented by interviews with arious members of State Title I offices. Based on the analysis of hese data, Title I seemed to be having a substantial impact on the eading achievement of disadvantaged students. For each grade and ach year from 1971 to 1974, the average gains were consistently reater than one month's progress for each month in the program. ased on the analysis of these data, Title I appeared to be quite uccessful, at least during the school year.

To verify these conclusions, the report then analyzed the results of three statewide annual testing programs. If Title I were having a substantial impact on achievement, we expected to detect an upward shift over time in the scores of those students most likely to be in Title I programs. However, since the inception of Title I, there has been no such upward shift. We suspected that the explanation for this finding was that increases in achievement were not being sustained over the summer.

To change students' academic futures, the increase in achievement must persist over the summer following a school year program. To test our theory about summer losses, we conducted two further studies. These studies analyzed data from programs that spanned several grades for several years. To illustrate the findings from these studies, I will present data from students who had participated in a citywide Title I reading program. All these students were in the program at least 2 years. Therefore, the average scores for each grade are based on exactly the same group of students. An examination of the test score means shows that students make large gains during the school year and suffer large losses over the summer. In each grade the loss during the summer is at least 3 months. If the program were judged on the basis of only the fall and spring average scores, the program would be considered a success. Gains are higher than would be expected for the 7-month period between the fall and spring tests. However, if the program were judged on the basis of the two fall average scores, that is, if the summer loss were included, the program appears to have little impact on student achievement. The gains for the 12-month period are not greater than what would be expected without any compensatory education. There the results are present graphically.

Clearly, during the school year the reading program is successful in raising student achievement scores, but that success almost disappears when the summer months are included in an evaluation. The finding that judgments of success are dramatically affected by the inclusion of the summer was consistent across all the compensatory education programs we investigated.

Our initial conclusions—that Title I is increasing the achievement of students during the school year—has now been verified by two other studies of Title I which also show that real gains result from compensatory education. Title I would therefore be accomplishing one of its major goals, large increase in sustained achievement, if it were not for the summer months, when skills not practiced are forgotten. The major strategy for attempting to combat summer losses in achievement is Title I summer school programs. However, districts will need additional funds to implement such programs. Indeed, in the face of limited Title I funds and increasing costs of education, districts that have had Title I summer programs have recently begun to either eliminate them or reduce their size.

A second possible strategy for combating summer losses is year-round school programs. For either strategy a special allocation of funds seems necessary and desirable. Without special funds for a Title I summer school program, it is possible that a major expenditure of money and a major Title I accomplishment, that of increasing school-year achievement, will have gone for naught and the lot of the disadvantaged child will not be improved.

The second issue I wish to discuss deals with the grades in which Title I concentrates its services. Since the early years of compensatory education, all strategies of how to increase the achievement of disadvantaged students have assumed that the early school years are the critical time for education intervention. Therefore, the obvious policy implication was that money and services should be concentrated on children in preschool through Grade 6. And indeed, this has been done. The National Institute of Education reports that the number of students who are served in grade 7 or 8 is less than half the number of students served in any of the elementary grades.

Moreover, in Title I districts with both elementary and secondary schools, only about 1 percent of the students in grades 9 through 12 receive compensatory education services. Thus, at present, Title I money and services are heavily concentrated on students in grades 1 through 6. It is now appropriate to ask whether this strategy is sound.

In order to answer this question, we reviewed the research related to the effectiveness of compensatory education at the two grade levels involved: Preschool through Grade 6 and grades 7 through 12. Our conclusion was demonstrably clear. No matter how successful early compensatory education programs are, they do not eliminate the need for later help. The results of the National Assessment of Education Progress show that older students still need help in both reading and mathematics. Our research has also shown that the older child can benefit from such help.

Therefore, it does not seem wise to pursue a policy which is based on a belief that expects a quick or easy cure in the early grades. Instead, we must continue to meet the special educational needs of disadvantaged students throughout their school years. We must concentrate on providing the best and most appropriate help we can, for as long as it is needed. And that, it seems, can and should be done in the secondary as well as the elementary grades. In practical terms, this means that either the existing Title I money must be redistributed, or that additional money must be provided.

I want to stress that I do not believe that programs in the preschool and elementary grades should be reduced. I do not advocate such a policy. The fact is that it is important to acquire skills during these years, just as other skills are required in other years. But while these programs are a necessary part of a compensatory education strategy, they are not sufficient. In our enthusiasm and optimism over early childhood programs we have failed to recognize the needs of these same students as they reach the later grades, and we have failed to provide the money or attention to meet these needs.

I wish to summarize by saying that from a decade of Title I research and experience, we now know that it is necessary to revise some of our strategies. Title I programs are accomplishing a major goal in increasing the achievement of participating students during the school year, but Title I is not reaching what may be an even more important goal of sustaining the increase and thereby improving the participants' academic future.

Moreover, while Title I has made great strides in the number of students who are being served, students in grades 7 through 12 are still being virtually ignored. It has become clear that the goals of Congress in passing Title I will not be met until compensatory education programs are routinely available all year long and throughout grades 1 to 12, for all children who need them. Both new programs will require additional funds and I sincerely hope that such funds can be appropriated.

Thank you.

[The statement of Sol H. Pelavin follows:]

Statement of

Sol H. Pelavin

Deputy Director

Educational Policy Research Center

SRI International
(formerly Stanford Research Institute)

on

Title I of the Elementary and Secondary School Act

before

The Subcommittee on Elementary,
Secondary and Vocational Education

House of Representatives

Congress of the United States

November 8, 1977

Mr. Chairman and members of the committee, I am honored to have been invited to appear before this Subcommittee to discuss issues regarding Title I of the Elementary and Secondary Education Act.

I am Sol Pelavin and I am Deputy Director of the Educational Policy Research Center at SRI International. The center is primarily supported by the Office of the Assistant Secretary for Education, Department of Health, Education and Welfare. Additional support has been provided by the National Institute of Education and the Office of the Assistant Secretary for Planning and Evaluation. My testimony is based on research which was requested as part of ASE and NIE's preparation for the reauthorization of the Elementary and Secondary Education Act. However, today I am not presenting the views of SRI, ASE, or NIE, but my own judgments, drawn from three years of work.

For the past three years the Educational Policy Research Center (EPRC) has been studying various aspects of ESEA Title I. The purpose of my presentation is two-fold:

- To summarize the work we have done regarding the achievement of Title I students and to tell you the conclusions which this work implied, particularly with regard to summer school programs.
- To discuss the question of whether or not Title I services should continue to be heavily focused on students in grades 1 through 6.

How to Sustain Title I Gains

The EPRC's study of the achievement of students in ESEA Title I began with a report to the Office of the Assistant Secretary for Education entitled "Patterns in ESEA Title I Reading Achievement."* The report used as the primary data source six years of state Title I reports supplemented by interviews with various members of state Title I offices. Based on the analysis of these data, Title I seemed to be having a substantial impact on the reading achievement of disadvantaged students. For each grade and each year from 1971 to 1974, the average state gains were consistently greater than one month's progress for each month in the program. Based on the analysis of these data, Title I appeared to be quite successful, at least during the school-year.

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*Thomas, T. C. and Pelavin, S. H., "Patterns in ESEA Title I Reading Achievement," EPRC 4537-12, SRI International, Menlo Park, California (March 1976).

To verify these conclusions, the report then analyzed the results of three statewide annual testing programs. If Title I were having a substantial impact on achievement, we expected to detect an upward shift over time in the scores of low-percentile students (those students most likely to be in Title I programs). However, since the inception of Title I, there has been no such upward shift. An example of the lack of an increase in achievement may be seen in data from the New York State testing program, begun in 1966 at the inception of Title I. In 1966 New York established a "benchmark" score for low achieving students in Grades 3, 6, and 9 and the percent of students scoring below the benchmark. If there were a decrease in the percent of students scoring below this benchmark score, it might be viewed as evidence of Title I impact on achievement. However, this is not the case in two out of three grades, as shown in Figure 1. Since 1966, the percent of students scoring below the benchmark score has decreased from 26% to 24% in grade 3, but has increased in grade 6 from 26% to 31% and has increased in Grade 9 from 23% to 33%. The results in the other two states were similar. Overall, we were not able to detect any improvement in the achievement of low percentile students since academic year 1965-66.

We suspected that the explanation for our findings was that increases in achievement were not being sustained over the summer that followed the program. A major goal of Title I is to increase the expected achievement of disadvantaged students in order to improve their academic futures. But to change students' academic futures, the increase in achievement must persist, at least over the summer following a school-year program.

To verify our explanation, we conducted two further studies of the achievement of compensatory education students, one study for the Office of the Assistant Secretary for Education and one for the National Institute of Education.* These studies analyzed data from evaluations of several

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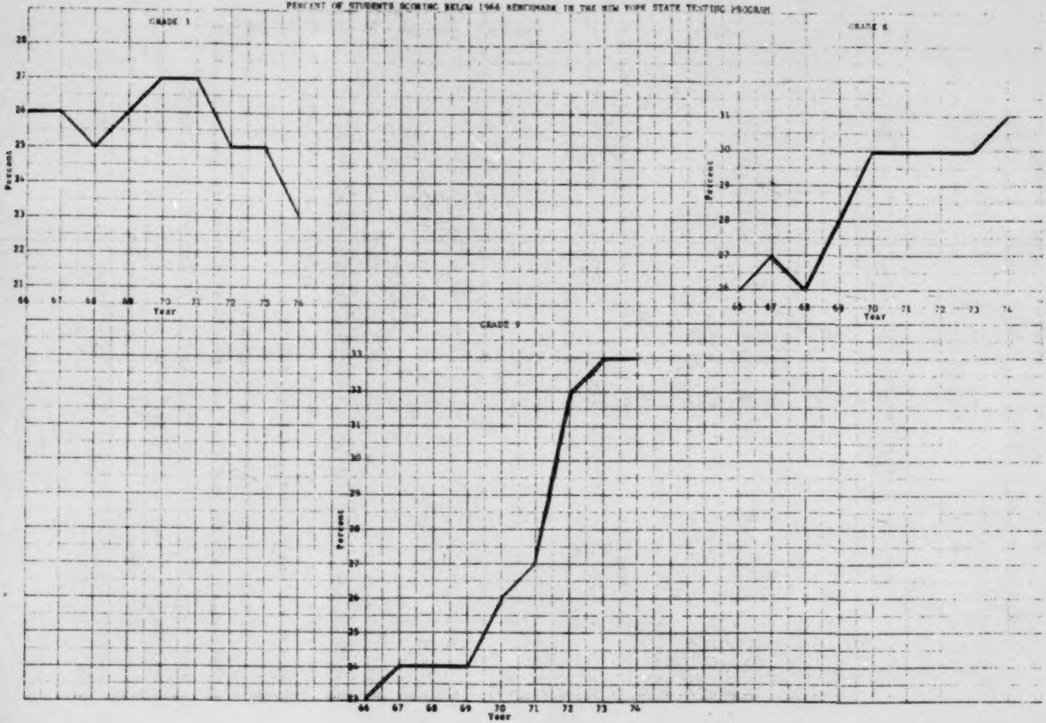
*Pelavin, S. H. and David, J. L., "Evaluating Long-Term Achievement: An Analysis of Longitudinal Data from Compensatory Education Programs," EPRC 4537-15, SRI International, Menlo Park, California (March 1977) and David, J. L. and Pelavin, S. H., "Research on the Effectiveness of Compensatory Education Programs: A Reanalysis of Data," Final Report URU-4425, SRI International, Menlo Park, California (March 1977).

Figure 1

PERCENT OF STUDENTS SCORING BELOW 1966 BENCHMARK IN THE NEW YORK STATE TESTING PROGRAM



compensatory education programs. All the programs spanned several grades and had collected data annually in both the fall and spring. By following individual students over time, we were able to determine, for a given group of students, the extent to which achievement gains were sustained during the summer.

We present one set of data that illustrate our findings and a summary of all the programs studied. We obtained data from students who had participated in a city-wide Title I reading program in a large midwestern city, City M. For each grade level a sample was defined consisting only of those students who had been tested in both fall and spring of one school year and in the fall of the next school year. To evaluate the extent to which achievement gains were sustained, we calculated the average scores for each of the three test administrations, the gain from fall to spring, and the loss from spring to fall.

The first three columns of Table 1 contain the average scores for these samples. Since we used data from a matched sample, all averages for each grade are based on exactly the same group of students. An examination of the test score means shows that students make large gains during the school year and suffer large losses over the summer. In each grade the loss during the summer is at least three months. If the program were judged on the basis of only the fall and spring average scores, the program would be considered a success--gains are higher than would be expected for the 7-month period between the fall and spring tests. However, if the program were judged on the basis of the two fall average scores--that is, if the summer loss were included--the program appears to have little impact. the gains for the 12-month period are not greater than what would be expected without any compensatory education.

Clearly, City M's reading program is successful in raising student achievement scores, but that success almost disappears when the summer months are included in the evaluation. The finding that judgments of success are dramatically affected by the inclusion of the summer was consistent across all the compensatory education programs we investigated. Specifically, there are losses of achievement during the summer at six

Table 1

CITY M AVERAGE SCORES, SCHOOL-YEAR GAINS AND SUMMER LOSSES BY GRADE LEVEL FOR STUDENTS IN THE MATCHED SAMPLE

		Average Scores in Grade-Equivalent Years				
		I	III	III		
Grade	N	Fall	Spring	Fall	Average School-Year Gain	Average Summer Loss
Third	272	2.2	3.3	2.8	1.1	0.5
Fourth	931	2.7	3.6	3.2	0.9	0.4
Fifth	980	3.3	4.3	4.0	1.0	0.3
Sixth	316	3.8	4.8	4.4	1.0	0.4
Seventh	128	4.3	5.2	4.9	0.9	0.3

CITY M AVERAGE SCORES BY GRADE LEVEL FOR STUDENTS IN THE MATCHED SAMPLE

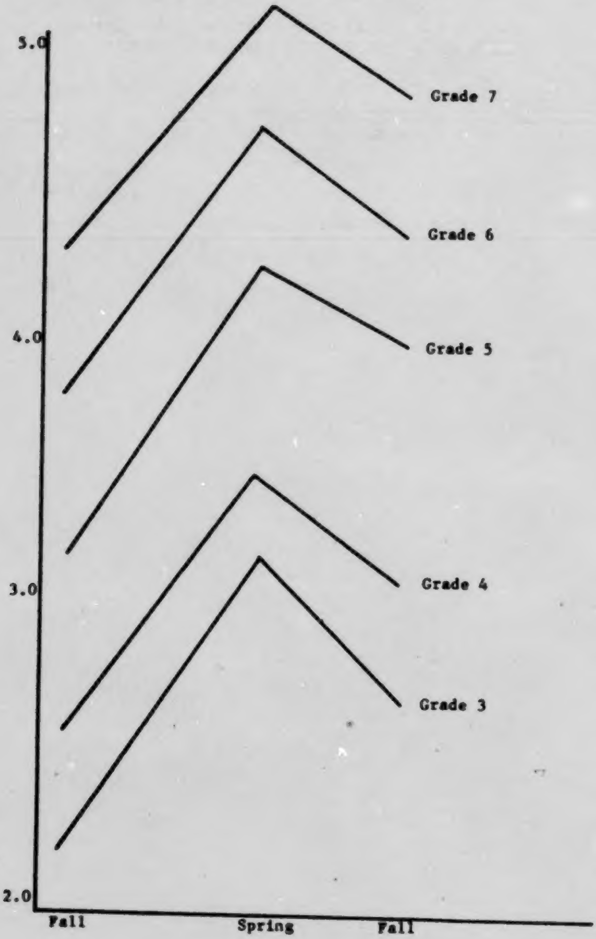


Figure 2

out of eight grade levels we have investigated and at only one grade level was there a gain. Thus, achievement gains made during the school year were generally not sustained even until the next fall. These findings are based on analysis of matched samples containing over 9,600 students and are unaffected by the grade level, the subject area, the program, the standardized achievement test, or the type of score used in the analysis.

The results of our new studies explain the contradictions of our first Title I report. The state Title I evaluations were based mainly on data from fall and spring administration of achievement tests and do not consider what happens during the subsequent summer. Using data from these evaluations, the programs appeared to be quite successful. Statewide testing programs measure annual achievement, which includes the summer. When the annual achievement gain is used as the criterion for success, compensatory education seems to be having little effect. With a few notable exceptions, annual gains are not greater than expected.

Our initial conclusions--that Title I is increasing the achievement of students during the school year--has now been verified by two other studies of Title I which also verify that real gains result from compensatory education. Title I would therefore be accomplishing one of its major goals, large increases in sustained achievement, if it were not for the summer months, when skills not practiced are forgotten. There are two major strategies for attempting to combat summer losses in achievement, year-round school programs and summer school Title I programs, and both strategies should be assessed. However, districts will need additional funds to implement either strategy. Indeed, in the face of limited Title I funds and increasing costs of education, districts that have Title I summer programs have recently begun to either eliminate or reduce their size. Therefore, a special allocation of funds seems necessary and desirable. Without special funds for a Title I summer school program, it is possible that a major Title I accomplishment, that of increasing school-year achievement, will have gone for naught and the lot of the disadvantaged child will not be improved.

Providing Title I Services to All Grades

Since the early years of compensatory education, all strategies of how to increase the cognitive achievement of disadvantaged students have been based on a model referred to by some as "preventative medicine" and by others as "critical stages of development." This model treats school achievement (and learning more generally) as dependent upon mental characteristics unique to children during their preschool and primary school years. Assuming this, it follows logically that the early school years are the critical time for educational intervention, if achievement is to be improved. Beyond this, the model predicts that:

- Compensatory education programs directed at improving basic skills and learning capacity would be effective in the primary grades.
- Compensatory education programs that were successful at developing learning during the preschool and primary grades would make later compensatory assistance unnecessary.
- Compensatory education at other grade levels would be relatively ineffective at improving achievement or learning.

Working from these assumptions, the obvious policy implication was that money and services should be concentrated as much as possible on children during the early years of schooling. And indeed, this has been done. The National Institute of Education reports[*] that the results of their National Survey of Compensatory Education show that the proportion of students who are served in Grades 7 and 8 is less than half the proportion of students who are served in Grades 1 through 6. Moreover, in Title I districts with both elementary and secondary schools, only about 1% of the students in Grades 9 through 12 receive compensatory education services. A report of the distribution of participation for fiscal year 1974 estimated that about four times as many elementary students as secondary students received Title I services.[**] Both higher and lower estimates have also been made, but they agree on one fact: at present, Title I money and services are heavily concentrated on students in Grades 1 through 6. Thus on a national basis we have put into effect a strategy that meets the conditions of the original model. It is now fair to ask whether this model has proven sound.

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[*] National Institute of Education, "Compensatory Education Services," DHEW, Washington, D.C., 20208 (July 1977).

[**] Larson, M. A. and Dittman, F. E., "Compensatory Education and Early Adolescence: Reviewing our National Strategy," EPRC 2158-7, SRI International (May 1975).

In order to answer this, we reviewed the research related to the effectiveness of compensatory education at the two grade levels involved: Preschool through Grade 6, and Grades 7 through 12. One conclusion was demonstrably clear. No matter how "successful" early compensatory education programs are, they do not eliminate the need for later help. The results of the National Assessment of Education Progress show that older students still need help in both reading and mathematics. Our research has also shown that the older child can benefit from that help.* Therefore, it does not seem wise to pursue a policy which is based on a belief that expects a quick or easy "cure" in the early grades. Instead, we must continue to meet the special educational needs of disadvantaged students throughout their school years. We must concentrate on providing the best and most appropriate help we can, for as long as it is needed. And that, it seems, can and should be done in the secondary as well as the elementary grades. In practical terms, this means that either the existing Title I money must be redistributed, or that additional money must be provided.

I want to stress that I do not believe that programs in the preschool and/or elementary grades should be reduced. I do not advocate such a policy. The fact is that it is important to acquire skills during these years, just as other skills are required in other years. But while these programs are a necessary part of a compensatory education strategy, they are not sufficient. In our enthusiasm and optimism over early-childhood programs, we have failed to recognize the needs of these same students as they reach the later grades, and we have failed to provide the money or attention to meet these needs.

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*Pelavin, S. H. and David, J. L., op. cit and David, J. L. and Pelavin, S. H., op. cit.

Summary

From a decade of Title I research and experience we now know that it is necessary to revise some of our strategies. Title I programs are accomplishing a major goal in increasing the achievement of participating students during the school year, but Title I is not reaching what may be an even more important goal of sustaining the increase and thereby improving the participants' academic future. Moreover, while Title I has made great strides in the number of students who are being served, students in Grades 7 through 12 are still being virtually ignored. It has become clear that the goals of Congress in passing Title I will not be met until compensatory education programs are routinely available all year long and throughout Grades 1 to 12, for all children who need them. Both new programs will require additional funds and I sincerely hope that such funds can be allocated.

Thank you.

Mr. KILDEE. Thank you, Mr. Pelavin.

The question I have at this point, refers to the chart which you presented to the committee here very graphically and dramatically illustrates the loss of growth and achievement during the summer months.

Have tests been conducted to determine how much the regular or the non-Title I students drop during those summer months? With the lack of reading in our society, and I am one who believes strongly in programs during the summer by the way, but with our reading habits in our country being quite different than they were when I was in school, I wonder if there are studies which compare the group of non-Title I students with the Title I students?

Mr. PELAVIN. We don't know what happens to educationally disadvantaged students who don't have Title I programs. We do have information on nondisadvantaged students, on the typical 50 percentile child. That child does not lose over the summer. As a matter of fact, he actually makes gains. If you go to what might be considered a gifted child, his gains might be even greater over the summer than they are during the school year.

Mr. KILDEE. That is interesting. In the nondisadvantaged, non-Title I, students actually would make gains you say during the summer?

Mr. PELAVIN. That is correct.

Mr. KILDEE. Do you have some data on that you could present to the committee for our records?

Mr. PELAVIN. Yes, I could.

Mr. KILDEE. All right. Then the talented gain and the non-Title I disadvantaged, they lose also, you say?

Mr. PELAVIN. No. They gain at least as much as during the school year. Gifted children very much so.

Mr. KILDEE. No, the disadvantaged non-Title I.

Mr. PELAVIN. We don't have any data on those.

Mr. **Kildee**. If you could get the other data for the committee, that would be very interesting to see.

[The information requested not supplied.]

Mr. **Kildee**. Are we saying that the schools hamper the gifted and once they get out in the summertime, they really grow? That is an awful indictment of schools.

Mr. Buchanan?

Mr. **Buchanan**. You might just say that summer vacation benefits them more, perhaps. I am glad to find that the reason for the fact that I also seemed to get more out of the summer vacation than I did the school year is because I was so gifted.

Mr. **Kildee**. It would be very interesting, really. I found the chart very interesting. If we could get the other data and maybe take care of that one lacuna in data, the disadvantaged who are not Title I. You say there is no data on that. It would be very interesting if they could be included in the comparison also.

Mr. **Buchanan**. Yes, I think so.

Mr. **Kildee**. All right, Mr. Buchanan, do you have any questions?

Mr. **Buchanan**. Mr. Chairman, I have a series of questions. I will be glad to either proceed or wait until after the other witness has spoken.

Mr. **Kildee**. Maybe some of the questions could be answered jointly, therefore we will take the next witness and then we can ask questions of both of them.

Mrs. Phyllis McClure of the NAACP Defense Fund.

Ms. **McClure**. Thank you.

I am Phyllis McClure of the NAACP Defense Fund. I have no written statement for the record, but I do have a few remarks on Mrs. Chisholm's amendments to Title I, H.R. 9968.

I am very pleased to join Mrs. Chisholm here today in support of her amendments. Even though she has not joined us yet, I do feel her spirit here. Every Title I parent advisory council and public interest group concerned with Title I that I know about, and you have heard from many of them during the course of these hearings, supports the provisions of Mrs. Chisholm's amendments. All of us hail Mrs. Chisholm's continuing interest and dedication to Title I, even with the regrettable absence of her from this committee.

It is true that Title I is a program that got off to a bad start, but over the 12 years since enactment the original purpose is sound. Compliance with key provisions has improved over time. There are, of course, still problems. A HEW audit agency survey of 14 States where Title I audits were conducted between 1969 and 1970 and 1972 and 1973 showed the general aid violations declined, but in a number of States the proportion of general aid violations was still extremely high. In some States, 30 percent and in some States as high as three quarters of all the audit exceptions found were general aid violations.

More recently, the National Institute of Education study of the Office of Education's administration of the program concluded that with respect just to the supplanting violation, Federal monitoring and enforcement had actually declined. The enforcement provisions of Mrs. Chisholm's bill are based on several studies. The committee is familiar with the NIE work and with the work of the legal standards project of the Lawyers' Committee. There are, however, two other internal HEW studies. One of them is known as the sanction study and the other is a critical examination of the audit resolution process.

Mr. Kildee, I am not certain whether the committee has been shown these studies by administration officials. I don't know whether they are available to you. But if you don't have them, I would be prepared to make copies available for the committee's record.

Mr. KILDEE. The committee does have them.

Ms McCLURE. Mr. Kildee, Mr. Buchanan, you may well ask, "Why does Congress need to codify in a statute those amendments which Mrs. Chisholm has introduced as H.R. 9968, notably the provisions involving enforcement and parent involvement and are these not measures which could be accomplished through regulations?"

The answer is, yes, many of them could, but the fact is that they have not. The Office of Education is not an agency given to self-initiated reform or conscious enforcement of the law. This committee knows that better than anyone else.

As a result of your recent experience with vocational education, Congress found it necessary to be very explicit about how the Office of Education should enforce the legislation. Mrs. Chisholm's amendments to Title I do no more than that. Indeed, they borrow some of the ideas from the Vocational Amendments of 1976, such as the requirement that the commissioner make specific findings in writing that the annual application contains adequate procedures to ensure that the intent of the law is being carried out.

The history of Title I has repeatedly shown that reform of abuses, whether of illegally spent funds or lack of enforcement, has come about from congressional action and pressure from advocacy groups.

Once, again, this committee finds itself in the postion of having to mandate by law those actions which the Office of Education has been unwilling to take on its own. One of the major problems with Title I over the years has been the issue of sanctions for violating the law. The whole problem of enforcement has bedeviled the Office of Education and frustrated State and local administrators and parents. There is no systematic rational method of enforcement and inducement to law abiding behavior. Mrs. Chisholm's amendments provide that rational and accountable system. Let me explain why.

The present Title I sanctions are ex post facto and voluntary. It works like this: If a local educational agency misuses Title I funds and if the HEW audit agency happens to conduct an audit in that district, if the local district or State agency cannot justify the violations, if the Office of Education agrees with the audit agency's findings, if the Office of Education issues a final determination, if the 5-year statute of limitations has not run, if all of this happens, the local district or the State may pay back the amount of the audit exception voluntarily, but if it doesn't pay it back, the Office of Education never follows through.

Let these facts speak for themselves: As of April 1975, there were a total of 136 audit reports with $241,896,000 in audit exceptions noted. Of that total, only $28,889,000 was sustained by OE preliminary determination letters. Final determination letters called for repayment of only $6,616,000. Of that amount, only 10 percent was actually recovered by the Federal Government.

Audit exceptions and imposition of final sanctions are viewed by OE personnel as professionally and politically distasteful. Some of the biggest violators in terms of the dollars are a district whose own financial problems make them the least able to pay back the money. Recovering large sums and reducing future Title I payments years after the violations have occurred are seen as penalizing Title I children. OE officials will tell you they do not want to hurt the children.

I ask you, Mr. Chairman, if the Office of Education is so concerned about not hurting children, why do they let the violations occur in the first place? What Mrs. Chisholm's amendments do is provide for a series of front end sanctions which would prevent the abuses from occurring in the first place and which would eliminate much of the need for recoupment of funds later.

Title I would be amended to require States to disapprove a local application where there has been a final audit determination and where there has been no compliance agreement reached and where the Office of Education and the State agency have good reason to believe that the local district will not comply in the future.

This provision, if made part of the statute, would give States the authority they need and want to extract compliance, especially from the powerful big cities which often thumb their noses at State education agencies. The commissioner would be explicitly authorized to withhold State administrative funds when there has been substantial and repeated failure to comply with the law at the State level and where those problems have not been resolved at the time of the State's submission of its annual application.

The purpose of this provision is to deter States from approving illegal applications and to penalize State agencies for their repeated failure to correct problems uncovered year after year in audits and program reviews. As it stands now, States continue to receive administrative funds despite findings that they are violating the enforcement provisions of Title I.

Mrs. Chisholm's amendments also require an annual enforcement report by the States to the Office of Education and by the Office of Education to Congress. These reports are part of Mrs. Chisholm's attempt to impose a rational, accountable system of enforcement. States would have to explain their monitoring and enforcement actions in writing which would in turn be of great assistance to the Office of Education in reviewing State administration.

The Office of Education in turn would have to be accountable to Congress. Some might object to these provisions on the grounds that they would impose an extra administrative burden and create more paperwork. Plenty of paper is already generated by the efforts to challenge, justify, explain and avoid repayment of audit exceptions.

Mrs. Chisholm's bill will not create more paperwork. What it will do is require the States to do more monitoring and auditing for which they would receive additional Federal funds. More and better enforcement at the State and Federal level cannot help but reduce the potential for audit exceptions. Establishing a systematic process might even reduce paperwork in the long run.

Another major problem in Title I enforcement is the lack of a clearly defined system of audit conduct and resolution. The General Education Provision Act regulations require States to audit Title I programs at least once every two years, but there are no standards for audit conduct and resolution. State education agency audit conduct and resolution practices vary widely. Few States have written policies and those that do, very few of them establish deadlines for completing the process. The Office of Education is little better.

The procedures for Title I audit settlement are not codified in the regulations. They contain no mandatory deadlines for each step of the process. Consequently, there is plenty of opportunity for incompetence, disagreement and reluctance to subvert the existing systems. Protracted delays, audits sometimes sit at one stage of the process for a year or more and frequently result in millions of dollars being nonrecoverable because the statute of limitations has run.

Mrs. Chisholm's amendment seeks to reform this process by requiring the commissioner to promulgate regulations, including deadlines for the Office of Education. Similarly, States would be required to adopt their own written procedures for the conduct of monitoring and auditing pursuant to standards set by the commissioner.

Let me now turn briefly to some of the parent involvement provisions in Mrs. Chisholm's bill. Every one of the provisions in H.R. 9968 for parent involvement is designed to strengthen and make most effective parent advisory councils at the school and district level.

Why must these provisions be added to the law? First, although professional educators and parents have demonstrated in many districts that they can work together for the benefit of Title I students, many State and local school administrators have misconceptions regarding the scope of their authority over the terms and conditions of PAC membership, obligations and operations.

Second, State agencies and local districts have issued policies or recommended practices about such matters as maximum length of time for membership and selection of officers, matters on which the Federal regulations are silent, which have the effect, if not the intent, of limiting an effective role for these councils in the design, operation and implementation of Title I programs.

Third, the Office of Education has been unwilling to address by regulation or administrative initiative any of the problems which Mrs. Chisholm's bill is designed to correct. When the Office of Education proposed regulations in 1975 pursuant to the 1974 amendments to Title I wherein school level parent advisory councils were required for the first time, a number of organizations urged the Office of Education to include specific requirements as Mrs. Chisholm's bill does. OE ignored that advice. In the past two years parent and public advocacy groups have met on numerous occasions with OE officials urging them to take the initiative on such matters as parent training, a Title I manual and dissemination of Title I information.

But we get one excuse after another about why OE says they cannot do this or that. The only thing we have accomplished so far is to convince ourselves that there is less support for parent involvement at the Federal level than there is at the State, local and individual school level. We have come to the conclusion that the Office of Education will not act to strengthen parent involvement and prevent State and local attempts to subvert parent councils unless Congress specifically requires it. Each provision of Mrs. Chisholm's bill is directed at a real problem. It does not, however, address every single problem. No law can really do that. The amendments do not change the basic advisory nature of parent councils. They simply go a step further in implementing the intent of Congress to make parent involvement an integral part of Title I programs.

Mr. Kildee. Thank you very much, Mrs. McClure.

I am very pleased now to welcome back to the Education and Labor Committee Congresswoman Shirley Chisholm. I know Mrs. Chisholm was an educator long before she became involved in politics. Although she has moved on to the Rules Comittee, I know that education remains one of her top priorities and we are very happy to have her here this morning.

STATEMENT OF HON. SHIRLEY CHISHOLM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mrs. Chisholm. Thank you very much.

It is a pleasure to again join my colleagues on the Education and Labor Committee. I am here today to testify on the reauthorization of legislation which is of greatest concern to me. I have the good fortune to be joined by two distinguished colleagues: Mr. Sol Pelavin, Senior Policy Analyst of Stanford Research Institute, and Phyllis McClure of the NAACP Legal Defense and Educational Fund, who have already made their statements.

In the coming months, this subcommittee will be developing legislation to reauthorize Title I, compensatory education. Title I is recognized as our major Federal effort to improve educational achievement and opportunity for disadvantaged children.

Clearly, Title I is receiving more congressional interest and attention than at any point since its enactment. Last Thursday I introduced H.R. 9968, my proposal for amending and improving Title I. I hope to share with you some of the concerns which prompted this legislation as well as its specific provisions.

The Title I program is a good one, and in many respects it has been a success. At the same time, though, it is important to understand that Title I has not yet closed the achivement gap between disadvantaged children and their more economically advantaged peers. Furthermore, we are not getting the maximum potential out of Title I.

I should emphasize that when Congress passed the Elementary and Secondary Education Act in 1965, it recognized the impact that concentrations of poor families can have on the ability of local educational agencies to conduct and support adequate educational programs. Since that time, Title I has worked to provide educationally deprived children, who live in poor areas, with the supplemental services necessary for educational growth, especially when as is so often the case these children from poor families attend schools with large numbers of other poor and educationally disadvantaged pupils.

I am deeply concerned by the proposal articulated by our respected colleague, Representative Quie, that we should shift the criteria for allocation of Title I funds to a sole measure of educational deprivation. It is true that every poor child is not a dumb child, but more importantly, we must realize that youngsters from middle and upper income backgrounds who fail to excel academically do not face the same obstacles as low income, educationally disadvantaged children. Adoption of education deprivation criterion would turn Title I into little more than a program of general aid.

Already, because of underfunding, Title I is able to serve little more than 60 percent of the children who are currently eligible. If the eligibility were to be expanded in the extensive manner Mr. Quie has proposed, it would totally dissipate the impact that this program can have on equalizing educational opportunity for poor children. In effect, this criterion could work to penalize successful Title I programs in poor communities.

Take, for example, an effecive program in a poor community which, over a 2-year period, has raised the achievement level of some of the participating children to an average rate of progress.

Under Mr. Quie's proposal the next year, funding for the special programs in reading and math funded from Title I would be reduced, even though the school still enrolled a high concentration of students from poor families and most were yet below normal achievement level. To make this vicious cycle complete, only after a couple of years without these essential Title I services, when the students' academic achievement had sufficiently regressed, would they again be counted in determining the school district's Title I funds. This eligibility criterion, if adopted, would become a living nightmare for poor communities across the country. I hope you will be watchful of the worthwhile intentions of Title I as expressed in its legislation since 1965, and I urge you to preserve them.

In 1974, almost all of this committee's time was spent arguing over the formula, and as regional differences flared, very little was done to improve Title I's quality and management. For these reasons my legislation does not deal with the divisive issue of the formula, and instead retains the framework of Title I, and focuses on changes which I believe can markedly improve its quality, management and impact.

I would like to briefly outline the three main areas of my legislation: Enforcement, parent involvement and program improvement:

Enforcement. "The Federal administration of the requirements guaranteeing the supplementary nature of the program is neither clear nor consistent. Some Office of Education officials administer the same requirements in different ways at different times. Furthermore, officials at various levels in the Office of Education hierarchy administer the relevant requirements differently, and the findings of program review teams and official audits are often reversed.

As a result, the level of OE monitoring and enforcement has declined significantly in recent years; States and LEAs now receive little clear guidance and are not effectively supervised in their use of Title I funds. These findings suggest that the provisions of the legal framework guaranteeing the supplementary nature of Title I are losing their effectiveness."

What I just quoted was an excerpt from the National Institute of Education's report on the administration of compensatory education. It is a harsh criticism of administrative mismanagement of Title I at the highest Federal levels. There have been stark differences in the way the division administering Title I and higher administration officials in the Office of Education see Title I. According to this study, the Division for the Education of the Disadvantaged sees Title I as the Federal Government's major contribution to educational reform, while higher administrators have seen it as the Federal Government's major contribution to educational finance or support * * * money is to be used to finance services about which we have little to say.

As an example of the confusion, NIE cited the resolution of three recent HEW audit allegations. Although there were strikingly similar violations in each case, for all three, the outcomes were different. Oklahoma has not received a letter of final determination on a $1 million audit exception and the statute of limitations—States must be notified within five years of the occurrence of a violation—is running out. In Kansas, State officials received the letter of final determination, but it came so late for certain findings that the statute of limitations prevented the collection of misspent funds. In Pasadena, the State will have to pay the full $200,000 amount of their audit exception. So you can see the differences and the confusion in terms of the determinations.

As it currently stands, each separate management level of the Office of Education must sustain the report of the audit agency before a letter of findings can be issued to the State. As described in the NIE study, the Office of Education personnel often cannot agree on the provisions of the audit report, and this can significantly delay its issuance. The statute of limitations has allowed many States to get off the hook because of long delays in coming to resolution on audit findings. Five years is certainly a reasonable goal for issuance of audit findings, so I believe that it is apparent that there needs to be some streamlining of the audit procedure.

Who is it that is being robbed by these violations? It is not the government, but in reality the poor children who have been deprived of the educational services that the law says they are entitled to.

My legislation would add a section to Title I which specifies the audit resolution procedures. It also requires the commission to develop a step-by-step process, including definite deadlines for completing each step. There are requirements for the development of procedures at the local, State and Federal levels. I believe that this will provide some systemization for the enforcement of Title I, which is sorely needed.

Audits, though, are only one apsect of the enforcement process, the most politically volatile, but certainly not the primary means of enforcement.

Improved pre-expenditure control should be designed to uncover problems before the monies flow, thereby reducing the number of instances where the Office of Education must institute action to recoup misspent funds.

Under the current system, States are simply required to submit to the commission an "Annual Program Plan" containing a series of assurances or promises. A recent HEW study observed that, "Since SEAs submit only assurances in Title I, there is no application review in the normal sense of the word. Therefore, pre-expenditure control is limited at the Federal level." (DHEW Sanctions Study.)

My legislation addresses the problems identified in the HEW study on sanctions, by requiring that they describe the procedures for monitoring Title I programs in the State, including timetables for resolving complaints and audits.

In addition, the State application would include plans for monitoring and auditing Title I programs, including on-site visits to LEAs, as well as a description of the outcome of complaints, monitoring and auditing activities in the prior year. While many of my colleagues are very concerned about the paperwork, I strongly contend that a little thoughtfulness, attention and review of existing written procedures can and will save many States, LEAs and the Office of Education from a great deal more expense, paperwork and trouble. That usually comes through the litigation process. In fact, this legislation authorizes the commissioner to provide the States with an increase in their administrative expenditures to develop and document these necessary procedures.

H.R. 9968 also calls for the Commissioner of Education to submit a report to Congress each year detailing enforcement procedures and activities for Title I. We should no longer have to rely on the revelation of horror stories regarding Federal funds as a means of accountability.

Parent Involvement. One of the aspects of Title I which I believe is the most important, yet receives the least amount of recognition, much less appreciation, is parent involvement. Many of my colleagues feel that it is an unnecessary encumbrance to school administrators and of little substantive value. As someone who was an educator long before I became a legislator, I support parent involvement wholeheartedly. Parents are an essential element in encouraging the educational success of their children.

I was moved deeply in reading the recent testimony of a Title I parent before the Senate Education Subcommittee. Mrs. Connie Gomes is a parent with four children, from Providence, Rhode Island. Hers is a wonderful story of the personal development which occurred through her active and welcomed participation in enhancing the education of children in her community. She recounts her participation on the District Parent Advisory Committee:

"In 1968, I joined a parent advisory council in Providence, Rhode Island. I had had some experience with the school bureaucracy due to the fact of having a learning disabled child. At the time of joining the group, I had made up my mind that for my children's sake, as long as they would be in the public school system, I would be involved to ensure that they received the best education possible.

"I had attended PTA groups but found that their agendas would not allow me to participate in determining what kind of educational programs my children would be receiving. The Title I PAC seemed like a group that could provide that kind of an opportunity for me to participate in the way that I perceived meaningful participation.

"I began to question the education plans that were put before us by the school district. I learned to ask who, when, where and what. What once was an obscure image to me began to become a real thing; that being the Federal Government's role in education. I learned that along with the funds provided by the government, there were also rules and regulations that assured our children the opportunity to have programs provided that would meet their special educational needs."

In fact, as she continues, this participation has had a profound effect on her and her family. She became more active in her community and she decided to further her own education. She completed a long delayed high school eudcation, and has since enrolled in college. Furthermore, her children will benefit from her increased interest and awareness. Besides the personal benefits from meaningful parent involvement, the programs themselves are noticeably better because parents care.

Every once in a while an individual comes along to put an entire issue into perspective, and I think Mrs. Gomes does an excellent job. The Title I program is much, much more than just money for schools. It is our effort to make a meaningful change for our children and for our society. Parents can and must continue to play an important role.

When you hear a story such as Mrs. Gomes, it is even harder to understand why so many school admninistrators work so diligently to shut parents out from the decisionmaking process.

My legislation lays out some guidelines for the organization of parent advisory committees which has been made necessary by school officials' failure to carry out the spirit of our 1974 amendments respecting parent involvement. It also specifies that PAC's must be given program training designed by the LEA in consultation with the parent members of the council.

I also know that access to information is important to meaningful parent involvement, so my bill calls for the commissioner to prepare and distribute to all of the PACs a Title I policy manual which, "In a clear and understandable manner", not in some kind of complicated, legalized manner where nobody understands it, including some of the Members of Congress, but in a clear and understandable manner outlines the regulations, legislation and auditing and program review procedures.

Furthermore, I want an LEA's Title I application to be accompanied by comments submitted by the parent advisory council, along with a set of written assurances that the LEA has met all of the requirements for parent involvement in the legislation to be able to do away with all the confusion and complaints that we get from the districts all over the country if we make our minds up to just write it into the legislation. The assurance must be approved or signed by the council.

Again, I believe that I have built upon the solid existing framework for parent involvement, and mandated provisions, which will insure that this involvement is meaningful.

The last major area of my legislation involves measures which I believe can substantially improve the quality of Title I programs across the country. My legislation for the first time ever authorizes a special projects section with a separate funding authorization of $600 million to encourage innovative and demonstration compensatory education programs.

As I have stated, according to the research, Title I is a successful program; for each month a student is in Title I, he or she make approximately one month of academic progress. Unfortunately though, longitudinal studies conducted by Stanford Research Institute have show that during summer vacation, when Title I students are no longer receiving this educational enrichment and stimulation, this progress reverses, and they tend to lose from one to three months of the academic progress they had made.

To me this demonstrates the need for "Summer Bridge" programs which, through continued enrichment and stimulation, protect the academic progress a student has, and ensures that this level of achievement is carried over to the next school year.

I believe that authorization of these "Summer Bridge" programs is a key to sustaining the positive impact of the Title I year long programs. Within these bridges programs there is a provision that the Commissioner may use up to 5 percent of the funds to conduct pilot year round school programs which have been receiving much interest. By 1982, the Commissioner would have to report to Congress on the impact of these programs.

Another section of the special projects part of the bill provides funds for parent education programs for Title I. It has been shown that when schools work to make parents an active partner in promoting academic progress, the child does substantially better. In many other countries there are government sponsored programs of parent education or "parenting" to teach the skills of being a good parent. Realizing the important role of the home in stimulating a child's intellect, I believe that Title I should encourage model programs which build partnerships between parents and teachers, and also make parents aware of the ways in which they can use the home to accelerate their child's academic achievement.

The third part of the special projects section encourages model compensatory education programs for junior high school and high school students. Presently, 80 percent of Title I funds are going toward students in Grades K-6. Mr. Pelavin has presented data on the impact that this has an overall achievement.

Much of this targeting is necessitated by the underfunding of Title I. In many school districts, the Title I program has to end at the 3rd or 4th grade due to limited funding. Obviously, the special educational needs which disadvantaged children have do not stop merely because a student has gone from the 4th to the 5th grade.

In the final area of special projects, I intend to authorize funds for the retraining of educational personnel, so that they may do a more effective job of developing reading, writing, and mathematic skills in disadvantaged children.

Overall, in conclusion, H.R. 9968 doesn't change the legislation. All it does is bring order and systemization to Title I, and I believe that it will markedly improve the quality of compensatory education and I hope you will seriously consider its provisions.

I do not know if these two panelists have made presenttions already. Since their presentations have been made, I will sign off and thank you for the opportunity.

[The text of H.R. 9968 and summary of the bill follow:]

95TH CONGRESS
1ST SESSION

H. R. 9968

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 3, 1977

Mrs. CHISHOLM introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend title I of the Elementary and Secondary Education Act of 1965, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Title I Amendments Act of 1977".

(b) For purposes of this Act, the term "title I" refers to title I of the Elementary and Secondary Education Act of 1965.

TITLE I—PARENTAL INVOLVEMENT

PARENTAL INVOLVEMENT

SEC. 101. (a) Section 141(a)(14) of title I is amended—

(1) inserting "for such a school" after "which advisory councils",

(2) amending clauses (A) and (B) to read as follows:

"(A) shall be composed of not less than ten members (three-fourths of whom shall be parents of the children to be served who are elected by parents in the school attendance area, and one-fourth of whom shall be elected by these parent members) who shall, after the Council is fully constituted, elect the officers thereof, and who shall serve for terms of two years, except that, of the members first elected after the date of the enactment of the Title I Amendments Act of 1977, one-half shall be elected for a term of one year,

"(B) shall meet at least nine times each year at times and locations chosen by the Council, the first of which in each school year shall occur not later than during the second month of the school year,",

(3) striking out the period at the end of clause (D) and inserting in lieu thereof a semicolon, and

(4) adding after clause (D) the following: "that the membership of the advisory council for the entire school district shall consist of representatives of each of

the advisory councils for a school, elected by such advisory councils after the size of the advisory council for the entire school district is determined by the members of each school council; and that the application contains a description of a program of training, which shall be established by the local educational agency in full consultation with the members of each of such councils, in accordance with criteria developed by the Commissioner, which shall be provided to each such member, and which shall permit and fund attendance by members at local, State, regional, and national meetings.".

(b) The Commissioner of Education shall, not later than six months after the publication of final regulations with respect to the amendments made by subsection (a), prepare and distribute to each of the advisory councils established pursuant to section 141 (a) (14) of title I a title I policy manual, for the use of members of such councils and other concerned individuals, which shall (1) set forth appropriate sections of title I and of the General Education Provisions Act and regulations issued under the authority of such provisions, (2) contain an explanation of the purpose of each section and regulation set forth, including appropriate reference to legislative history, (3) summarize actual responses by the Office of Education to requests by State educational agencies for interpretations of such regulations, including examples of actual applications of the standards contained in such regulations, (4) contain model application forms, checklists for review of applications for assistance under title I, and recommended techniques for monitoring title I programs, (5) summarize appropriate final decisions of the audit hearing board for title I and appropriate final determinations of the Office of Education concerning audits which were terminated before being considered by such audit hearing board, and (6) summarize appropriate court decisions. Such manual shall be brought up to date from time to time by the Commissioner in order to reflect changes of law, regulation, or administrative policy which affect title I.

(c) Section 141 (a) (8) of title I is amended by inserting immediately before the semicolon the following: ", and that such agency is furnishing without charge to each member of an advisory council established by such agency under paragraph (14) the following: (A) a copy of this title and of the General Education Provisions Act, (B) a copy of any Federal regulations and guidelines issued under such title and such Act, (C) a copy of appropriate State regulations and guidelines associated with title I, and (D) appropriate training materials to enable such member to carry out the functions of a member of such council".

(d) Section 141 (a) of title I is amended by striking out "and" after paragraph (13), by striking out the period after paragraph (14) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(15) That the application shall be accompanied by any comments pertaining to such application which have been submitted by the parent advisory councils established by the local educational agency under paragraph (14), and by a statement, containing satisfactory assurances, in such detail as the Commissioner may prescribe, that the requirements of paragraph (14) have been met (including specific references to activities conducted under such paragraph), which statement shall be written in language which the members of such Councils can readily understand and shall have been approved by such Councils.".

(e) Section 143 (a) of title I is amended by adding at the end thereof the following new paragraph:

"(3) Each State educational agency shall furnish to each parent advisory council established under section 141 (a) (14) in that State copies of appropriate documents resulting from monitoring and evaluations, including audits, of programs conducted under this title which pertain to such programs which are within the purview of that advisory council.

WORKSHOPS AND MODELS FOR PARENTAL INVOLVEMENT

SEC. 102. (a) Title I is amended by redesignating section 152 as section 157 and inserting after section 151 the following new section:

"WORKSHOPS FOR PARENTAL INVOLVEMENT

"SEC. 152. For each fiscal year for which payments are made to State educational agencies under this title, the Commissioner shall sponsor workshops in the several regions of the United States which shall be designed to assist local educational agencies to work with parent advisory councils established under section 141(a)(14) and to facilitate parental involvement in the programs conducted under this title. Five such workshops shall be held in each of the regions in each such fiscal year, and each such workshop shall be planned and conducted in consultation with members of such parent advisory councils in the region served by the workshop and with appropriate organizations concerned with Federal education policy.".

(b) The National Institute of Education shall develop models for successful parent involvement training programs conducted under title I, and shall report and widely disseminate the results of such study to the Congress and the public, in order to encourage the adoption of such successful parental involvement programs, or portions thereof, as models for schools and local educational agencies.

REGULATIONS

SEC. 103. The Commissioner shall issue final regulations to carry out the provisions of this title and the amendments made by this title not later than January 1, 1979.

TITLE II—ADMINISTRATIVE ENFORCEMENT

STATE APPLICATION

SEC. 201. (a) Section 142(a) of title I is amended by striking out "satisfactory assurance", by inserting "satisfactory assurance" immediately after the paragraph designation in each of paragraphs (1), (2), and (3), by striking out "and" after paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraphs:

"(4) copies of (A) the regulations, guidelines, and program instructions issued by the State educational agency under this title, (B) written descriptions of procedures for monitoring programs under this title in that State and of procedures, including timetables, for resolution of complaints and audits in connection with such programs, (C) the application forms which are used by local educational agencies in submitting applications for approval pursuant to section 141(a), (D) checklists used by the State educational agency in approving such applications, and

(E) documents used by the agency in monitoring programs under this title;

"(5) a plan for monitoring and auditing programs under this title in that State during the fiscal year for which the application is made, which shall include a schedule of on-site visits to local educational agencies for such purposes, and a description of the scope of such visits and auditing activities;

"(6) a description of the complaint resolution, monitoring, and auditing activities conducted by the State educational agency with respect to programs under this title during the fiscal year preceding the year for which the application is made, including (A) identification of the local educational agencies which received on-site visits for monitoring or which were audited, (B) analysis of the nature of any deficiencies in program design or any violations of application requirements found as a result of such activities, (C) a statement of any corrective actions taken by the local educational agencies with respect to such deficiencies and violations or, in the event that no corrective actions were taken by a local educational agency in a case of such deficiency or violation, a statement of the steps taken by the State educational agency to correct such deficiency or enforce such requirement, (D) a list of those audits resulting in unresolved financial exceptions, a statement of the reasons for such lack of resolution, and a proposed schedule for the resolution of such exceptions, (E) a description of the methods employed in disseminating the results of such monitoring and auditing to the public and, free of charge, to the parent advisory councils for the appropriate districts and schools established under section 141 (a) (14), (F) a disclosure of the number and nature of complaints made to the State educational agency concerning programs under this title, an identification of the local educational agencies involved in such complaints, and the manner in which such complaints were resolved by the State educational agency, and (G) such other information as the Commission deems necessary.".

(b) Section 142 (b) of title I is amended to read as follows:

"(b) The Commissioner shall not approve an annual application submitted under subsection (a) until the Commissioner (1) has made specific findings, in writing, as to the compliance of such application, and the policies and procedures of the State educational agencies described therein, with the provisions of this title, and (2) is satisfied that adequate procedures are set forth to insure that the assurances of the application are being carried out. The Commissioner shall not finally disapprove an application except after reasonable notice and opportunity for a hearing to the State educational agency.".

(c) Section 142 of title I is amended by adding at the end thereof the following new subsection:

"(c) At least once during each fiscal year, the Commissioner shall conduct an onsite visit to each State educational agency having an approved application for that year for purposes of reviewing program accomplishments and management control systems in connection with this title and of providing any technical assistance which may be required, and shall make written findings on the results of such visit, including findings with respect to all problems in the State administration of the program under this title which were identified during the visit and findings with respect to all the local educational agencies visited in which deficiencies in the design of programs under this title or violations of any of the requirements under this title were identified. The Commissioner shall take such findings into account in reviewing subsequent State annual applications submitted under subsection (a).".

AUDIT RESOLUTION PROCEDURES

SEC. 202. Title I is further amended by inserting immediately after section 152 (as inserted by section 102 of this Act) the following new section:

"RESOLUTION PROCEDURES FOR AUDIT AND EXAMINATION OF STATE AND LOCAL EDUCATIONAL AGENCIES

"SEC. 153. (a) In carrying out authority for auditing and examining State and local educational agencies as recipients of Federal funds under this title, the Commissioner shall promulgate regulations which shall establish (a) a step-by-step process for the resolution of financial exceptions disclosed during any audit or examination, including definite deadlines by which each such step shall be completed, (b) the responsibilities of each division within the Office of Education, including the audit hearing board for this title, with respect to such resolution process, and (c) the procedure for the recoupment of misspent funds.

"(b) Within thirty days after receipt of report from the Office of Education in connection with activities under section 142(c), a State educational agency shall respond in writing to such report with a description of the corrective actions that will be taken to remedy problems identified in that report, or with a statement of disagreement with the findings of such report. If there is no such response within such period of thirty days, the Commissioner may issue an order directing the State educational agency to respond as to why further payments, or a portion thereof, should not be withheld under section 146. If the State educational agency has not so responded within ten days after the issuance of such order, the Commissioner shall promptly issue a notice of noncompliance and initiate proceedings for withholding under section 146.".

COMPLAINT RESOLUTION

SEC. 203. Title I is further amended by inserting after section 153 (as inserted by section 202 of this Act) the following new section:

"COMPLAINT RESOLUTION PROCEDURES

"SEC. 154. (a) Each local educational agency which receives funds under this title shall develop and implement written procedures for the resolution of complaints, concerning violations of this title or of applicable provisions of the General Education Provisions Act in connection with programs under this title, which are made to that agency by parent advisory councils, parents, teachers, or other concerned organizations or individuals. Such procedures shall include—

"(1) identification by name, title, address, and telephone number of any local official responsible for investigating and resolving complaints;

"(2) specific time limits for investigation and resolution of complaints, which shall not exceed thirty days;

"(3) opportunity for the complainant or the complainant's representative, or both, to present evidence, including an opportunity to question parties involved;

"(4) provision for keeping all correspondence or other written communications concerning the complaint in a central file, accessible to all parties;

"(5) a requirement that the complainant, the complainant's representative, the district parent advisory council and appropriate school parent advisory councils be notified in writing by the local educational agency, within ten days after the resolution of the complaint, of the nature of the resolution and the reasons for such resolution;

"(6) the right to appeal the final resolution of the local educational agency to the State educational agency within thirty days after receipt of the written decision;

"(7) the dissemination, free of charge, of information concerning these procedures to interested parties, including all district and school parent advisory councils; and

"(8) providing each complainant with a statement that exhaustion of the local educational agency complaint procedure is not a prerequisite to filing a complaint with the State educational agency or the Commissioner.

"(b) Each State educational agency with an approved application under section 142 shall develop and implement written procedures for receiving appeals from decisions of local educational agencies with respect to complaints concerning violations of this title or applicable provisions of the General Education Provisions Act in connection with programs under this title, and for conducting any onsite investigations of such complaints which the State educational agency deems necessary. Such procedures shall include—

"(1) identification by name, title, address, and telephone number of any official of the State educational agency responsible for reviewing appeals from the final complaint resolution decision of a local educational agency and for conducting, if necessary, an independent investigation of the complaint;

"(2) specific time limits for completing the review and, if necessary, the independent on-site investigation, which shall not exceed sixty days unless exceptional circumstances exist;

"(3) an opportunity for the complainant or the complainant's representative, or both, and the local educational agency, to present evidence, including the opportunity to question parties involved;

"(4) a provision for keeping all correspondence or other written communications concerning the complaint in a central file, accessible to all parties;

"(5) a requirement that the complainant, the complainant's representative, the local educational agency, the district parent advisory council, and appropriate school parent advisory councils shall be notified, in writing, by the State educational agency within ten days after the resolution of the appeal, of the nature of the resolution and the reasons for such resolution;

"(6) the right to appeal the final resolution of the State educational agency to the Commissioner within thirty days after receipt of the written decision;

"(7) dissemination, free of charge, of information concerning these procedures to interested parties, including all district and school parent advisory councils; and

"(8) providing each appealing complainant with a statement that exhaustion of the State educational agency complaint procedure is not a prerequisite to filing a complaint with the Commissioner.

"(c) The Commissioner shall develop and implement written procedures for receiving appeals from final resolutions of State educational agencies with respect to complaints concerning violations of this title or of applicable provisions of the General Education Provisions Act in connection with programs under this title, for receiving such complaints directly from parent advisory councils, parents, teachers, or other concerned organizations or individuals, and for conducting independent onsite investigations of such complaints if the Commissioner deems necessary. Such procedures shall include—

"(1) identification by name, title, address, and telephone number of any officials of the Office of Education responsible for reviewing appeals from the final complaint resolution decision of a State educational agency and for conducting necessary independent investigations of complaints;

"(2) specific time limits for completing the review and any necessary independent investigation, which shall not exceed sixty days unless exceptional circumstances exist;

"(3) an opportunity for the complainant, the complainant's representative, the local educational agency, and the State educational agency to present evidence;

"(4) a provision for keeping all correspondence or other written communications concerning the complaint in a central file, accessible to all parties;

"(5) a requirement that the complainant, the complainant's representative, the local educational agency, the State educational agency, the district parent advisory council, and approriate school parent advisory councils shall be notified, in writing, within ten days after the resolution of the appeal, of the nature of the resolution, the reasons therefor, and the right to an administrative appeal; and

"(6) dissemination of information concerning these procedures.".

ANNUAL ENFORCEMENT REPORT

SEC. 204. Title I is further amended by inserting after section 154 (as inserted by section 203 of this Act) the following new section:

"ANNUAL ENFORCEMENT REPORT

"SEC. 155. At least once each fiscal year, the Commission shall submit to the Congress an annual report concerning enforcement of this title. Such report shall contain—

"(1) an analysis, for each State which has an application approved for that year under section 142, of the extent to which the assurances, policies, and procedures of that State submitted as part of that application satisfy the requirements of this title,

"(2) a description for each such State of the manner in which monitoring reports of the Commissioner were taken into consideration in the approval of such applications,

"(3) a description, with respect to appropriate States, of the manner in which unresolved audit and program monitoring findings were taken into consideration in the approval of such applications, "(4) a description for each such State of the manner in which the annual evaluation report of that State was taken into consideration in the approval of such applications,

"(5) a summary of the findings of the Commissioner's on-site monitoring visits, of the actions taken by State educational agencies to correct problems identified in each report based on such visits, and of the number, type, and location of problems which have been so identified but which have not been corrected as of the date of the submission of the annual enforcement report under this section,

"(6) with respect to audits conducted under this title, (A) a description of each step of the audit resolution process, including the definite deadlines for the accomplishment of each step, (B) the number and type of audits conducted in the year preceding the date of submission of the report, (C) the identity of each State or local educational agency audited during that year, (D) the resolution status of each outstanding audit, including the dates on which each step of the resolution process with respect to such outstanding audit was completed, the schedule for completion of such process, the amount of the financial exceptions noted in final audit reports and in letters of final determination, and an explanation of any differences in such amounts as noted in draft audit reports, final audit reports, and letters of final determination, (E) the number and identity of any States which did not appeal to the audit hearing board for title I with respect to audits conducted during that year and the status of recoupment activities for each such State, (F) the number and identity of States which appealed to such board during that year and the status of each active appeal, (G) the number and identity of States which have completed such appeals during that year and the status of recoupment activities with respect thereto, (H) the number and type of any cases referred to the Attorney General during that year for collection of misspent funds, (I) the amount of any funds recovered during that year as a result of such audit resolution process, (J) an analysis of the type of violations identified in final audit reports, letters of final determination, and final decisions of the audit hearing board for title I and of the Commissioner on appeal from the decisions of such board, (K) a summary of audit followup actions conducted during that year for the purpose of determining that deficiencies which led to financial audit exceptions or audit findings of procedural noncompliance have been corrected, (L) a description of audits planned for the year succeeding the date of the submission of the report, and (M) recommendations for improvement of the audit resolution process, and

"(7) with respect to complaints made to the Commissioner concerning programs under this title during the year preceding the date of submission of the report under this section, the number and type thereof, the identity of the State and local educational agencies, the action taken by the Commissioner to resolve the complaints, and the number and type of complaints which remain unresolved as of the date of such submission.".

WITHHOLDING AUTHORITY

SEC. 205. (a) Section 146 of title I is amended by inserting "or requirement" after "assurance" in the first sentence and by adding at the end thereof the following new sentences: "In making a finding under this section, the Commissioner shall review the results of Federal administrative reviews, audits, and other available information. The Commissioner shall make such a finding if such review indicates that it is more likely than not that the State or local educational agency has failed to comply with the requirements of this title or the General Education Provisions Act or regulations promulgated thereunder. Payments under this title to any State may be withheld in whole or in part, including all or any part of the State's administrative funds, by the Commissioner in accordance with this section in cases where program reviews or audit determinations of the Commissioner under this title demonstrate substantial problems of compliance with the requirements of this title or the General Education Provisions Act and where such compliance problems have not been resolved to the Commissioner's satisfaction at the time of submission by the State of an annual application to the Commissioner for approval under section 142. In cases where the Commissioner withholds all or any portion of a State's administrative funds under this section, such State shall continue to perform all administrative, enforcement, monitoring, technical assistance, auditing, and related duties so as to comply with the assurances submitted in accordance with section 142 (a) of this title and all requirements of this title and applicable regulations promulgated thereunder. Payments under title V to any State may be withheld by the Commissioner in accordance with this section in cases where such program reviews or audit determinations demonstrate substantial or repeated problems of compliance with such requirements and where such compliance problems have not been so resolved at the time of submission by the State of its annual application for funds under such title V.".

(b) Section 146 of title I is further amended by inserting "(a)" immediately before the first sentence thereof and by adding at the end thereof the following new subsections:

"(b) In any case in which all or any portion of payments under this title are withheld by the Commissioner from any State pursuant to subsection (a) of this section, upon receipt of notice of such withholding the State education agency shall, by means of public notice, take such measures as may be necessary to bring the Commissioner's action to the attention of the public within that State.

"(c) In cases where payments to State or local educational agencies are withheld under subsection (a), such payments may be resumed only in the event that such agency enters into a compliance agreement with the Commissioner. For purposes of this subsection, the term 'compliance agrgeement' means an agreement which (1) sets forth the terms and conditions to which the State or local educational agency has agreed in order to comply with the requirements of this title or the General Education Provisions Act and regulations promulgated thereunder, (2) which covers all the matters that resulted in the Commissioner's findings on which the withholding is based and that constitute failures to comply with such requirements, and (3) which may consist of a series of agreements that in the aggregate dispose of all such matters. A compliance agreement under this subsection shall not be exempt from section 552 of title 5, United States Code. Within fifteen days after the execution of any compliance agreement under this subsection, the Commissioner shall send a copy thereof to each person who filed a complaint with respect to any failure to comply which is covered by that agreement.".

LOCAL EDUCATIONAL AGENCY APPLICATIONS

SEC. 206. Section 141 (c) of title I is amended to read as follows:

"(c) Subject to section 425 of the General Education Provisions Act, the State educational agency shall not approve an application of a local educational agency for funds under this title in any case where a Federal or State audit has resulted in a final determination of a lack of compliance with any of the requirements of this title and where a compliance agreement has not been reached. The State educational agency shall not finally disapprove in whole or in part any application for funds under this title without first affording the local educational agency submitting the application reasonable notice and opportunity for a hearing. A State educational agency may, in addition, withhold approval of an application if that agency believes, on the basis of a Federal or State administrative review or of any other information, that the local educational agency will not carry out the project in conformance with the requirements of this title.".

STATE ADMINISTRATIVE FUNDS FOR ENFORCEMENT

SEC. 207. Section 143 (b) of title I is amended by adding at the end thereof the following: "The Commissioner is authorized to pay to each State in addition to the amount authorized under the preceding section an amount not to exceed 25 per centum of the amount authorized for that State under the preceding section in cases where—

"(1) such funds are used solely for purposes of monitoring, audit resolution, enforcement, or other similar activities which are directly and exclusively related to the enforcement of the requirements of this title,

"(2) the State applies to receive such individual funds and, in the annual application submitted under section 142 specifically describes the intended uses of such funds, and

"(3) such funds are used to supplement, and not supplant, funds from non-Federal sources for such enforcement purposes.".

STATE EDUCATIONAL AGENCY APPROVAL OF LOCAL PROGRAM APPLICATIONS

SEC. 208. Section 141 of title I is amended by adding at the end thereof the following new subsections:

"(d) In reviewing applications of local educational agencies for funds under this title, the State educational agency shall (1) determine whether the results of previous evaluations of programs under this title are reflected in the program designs contained in the current applications, (2) make written findings concerning such reflection, (3) require revision and resubmission of any program designs which have been previously demonstrated by evaluations under this title to be educationally ineffective, and (4) disapprove, subject to subsection (c) and section 425 of the General Education Provisions Act, any resubmitted applications containing program designs which have been previously so demonstrated to be educationally ineffective.

"(e) Subject to the provisions of section 425 of the General Education Provisions Act, whenever the State educational agency, after reasonable notice and opportunity for hearing to any local educational agency, finds that there has been a failure to comply substantially with any assurance set forth in the application of that agency approved under this section, the State educational agency shall notify the local educational agency that further payments will not be made to that agency until the State educational agency is satisfied that there is no longer any such failure to comply. Until the State educational agency is so satisfied, no further payments shall be made to that local educational agency under this title by that State educational agency.".

STATE MONITORING AND AUDIT RESOLUTION

SEC. 209. Title I is further amended by inserting after section 155 (as inserted by section 204 of this Act) the following new section:

"STANDARDS FOR STATE MONITORING AND AUDIT RESOLUTION; PROCEDURE FOR RECOUPMENT

"SEC. 155. (a) The Commissioner shall establish minimum standards for the conduct of monitoring and audit resolution activities under this title.

"(b) Each State educational agency receiving funds under this title for any fiscal year shall establish written procedures for that year, consistent with the minimum standards under subsection (a), for the conduct of monitoring and audit resolution activities in connection with programs under this title in that State.

"(c) Notwithstanding any other provision of law, in the event that all administrative procedures appealing a finding of misspent funds under this title have been exhausted, the Commissioner or the State educational agency, whichever is appropriate, shall obtain repayment of such misspent funds from sources other than Federal funds.".

TITLE III—SPECIAL PROJECTS

AMENDMENT TO TITLE I

SEC. 301. Title I is further amended by adding at the end thereof the following new part:

"PART E—SPECIAL PROJECTS

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 161. There are hereby authorized to be appropriated to carry out this part not to exceed $600,000,000 for the fiscal year ending September 30, 1979, and for each of the following three fiscal years.

"SUMMER BRIDGE PROGRAMS

"SEC. 162. (a) The Commissioner shall carry out a program of grants to local educational agencies having five thousand or more children between the ages of five and seventeen, inclusive, who meet the criteria of poverty established under section 103 (c) (2) (A) for summer bridge programs designed to provide to students participating in programs under this title during the school year continued academic enrichment and stimulation through the summer month in order to preserve and increase the academic progress of those children under such school year programs.

"(b) Not less than 40 per centum but not more than 60 per centum of the funds appropriated under section 161 shall be used for programs under this section.

"(c) The Commissioner may use up to 5 per centum of funds available to carry out this section for grants for pilot projects for programs for students meeting the eligibility requirements of this section which shall continue throughout the entire calendar year.

"(d) Not later than January 1, 1981, the Commissioner shall report to the Congress on the impact of programs under subsection (a) of this section on the academic achievement of students in programs under this title, and on the impact of programs under subsection (c) of this section on the academic achievement of disadvantaged students.

"PARENT EDUCATION PROGRAMS

"SEC. 163. (a) The Commissioner shall carry out a program of grants to local and State educational agencies for the purpose of conducting programs which enable parents of children eligible for programs under this title to better contribute to their child's academic progress. In particular, these grants shall authorize the conducting of parent education or parenting programs which help parents develop the skills necessary to motivate and encourage their children with their academic work.

"(b) Not less than 10 per centum but not more than 20 per centum of the funds appropriated under section 161 shall be used for programs under this section.

"MODEL PROGRAMS FOR JUNIOR AND SENIOR HIGH SCHOOL STUDENTS

"SEC. 164. (a) The Commissioner shall carry out a program of grants to local educational agencies for the conduct of model programs under this title for junior and senior high school students which shall be designed to encourage the development of innovative programs to meet the special educational needs of students in programs under this title in later academic years. The Commissioner shall also disseminate description models of those programs under this section which are deemed successful, so that other local educational agencies will be encouraged to conduct similar programs for students in programs under this title in their junior and senior high schools.

"(b) Not less than 10 per centum but not more than 20 per centum of the funds appropriated under section 161 shall be used for programs under this section.

"RETRAINING OF EDUCATIONAL PERSONNEL

"SEC. 165. (a) It is the purpose of this section to strengthen the educational opportunities available to children in areas having high concentrations of low-income families and to encourage State and local educational agencies, colleges, universities, and other educational institutions to broaden and improve their programs of preservice and inservice training or retraining of educational personnel described in this section by—

"(1) attracting and training qualified teachers and other educational personnel who will be made available to local educational agencies for employment in connection with an approved program or project funded under this title;

"(2) attracting volunteers and paraprofessionals to serve as part-time tutors or full-time instructional assistants for children participating in programs carried out by local educational agencies under this title;

"(3) attracting and training educational personnel to provide relevant remedial, basic, and secondary educational training, including literacy and communications skills, for children participating in a program under this title;

"(4) developing well-prepared plans providing for coordinated programs of training in which education aides and the professional staff whom they are assisting will participate together; and

"(5) supporting demonstration projects for retraining experienced teachers and teacher aides, and other educational personnel serving in projects or programs funded by local educational agencies receiving grants under this title.

"(b) The Commissioner is authorized to make grants to local educational agencies in accordance with the provisions of this section to assist such agencies in planning, establishing, and operating training programs which carry out the purposes of this section.

"(c) For the purpose of this section, the term 'training' means a program operated by a local educational agency (or a combination of such agencies) which serves public and nonpublic school teachers and other educational personnel who perform services in connection with an approved program or project funded under this title, and in which teachers, with the assistance of such consultants and experts as may be necessary, may—

"(1) develop and produce curricula designed to meet the educational needs of the persons in the community, area, or State being served, including the use of educational research findings or new or improved methods, practices, and techniques in the development of such curricula; and

"(2) provide training to improve the skills of teachers and other educational personnel to enable such personnel to meet better the special educational needs of children such personnel serve, and to familiarize such persons with emerging trends in curriculum development and educational research, including the manner in which the research can be used to improve their teaching skills.

"(d) For the purpose of this section, persons eligible for receiving such training include—

"(1) staff members, parent council members, and volunteers who are engaged to perform specific services related to programs or projects funded under this title;

"(2) staff specialists who will be dealing solely with children to be served by a project funded under this title, and regular classroom teachers of such children; and

"(3) the principal of a school for which a program or project has been approved under this title.

"(e) Not less than 10 per centum but not more than 20 per centum of the funds appropriated under section 161 shall be used for programs under this section.".

TITLE IV—DURATION OF PROGRAMS AND MISCELLANEOUS PROVISIONS

DURATION OF TITLE I

SEC. 401. Section 102 of title I is amended by striking out "September 30, 1978", and inserting in lieu thereof "September 30, 1982".

DIVISION OF EDUCATION FOR THE DISADVANTAGED

SEC. 402. With respect to functions under title I, the Director of the Division of Education for the Disadvantaged of the Office of Education shall report directly to the Commissioner of Education and not to or through any other education officer or official.

LOCAL HIRING UNDER TITLE I PROGRAMS

SEC. 403. Each local educational agency which receives a grant under title I shall, to the extent possible, give first priority in the hiring of personnel required to provide services in accordance with approved applications under title I to the parents of children participating in programs under title I.

TITLE V—GIFTED AND TALENTED CHILDREN

SHORT TITLE

SEC. 501. This title may be cited as the "Gifted and Talented Children Act".

ADMINISTRATION

SEC. 502. (a) The Commissioner of Education shall designate an administrative unit within the Office of Education to administer the programs and projects authorized by this title and to coordinate all programs for gifted and talented children and youth administered by the Office, including the Presidential scholars program, the World Council on the Gifted, and programs for the gifted in career and vocational education.

(b) The Commissioner of Education shall establish or designate a clearinghouse to obtain and disseminate to the public information pertaining to the education of gifted and talented children and youth. The Commissioner of Education is authorized to contract with public or private agencies or organizations to establish and operate the clearinghouse.

GRANT PROGRAM

SEC. 503. (a) (1) The Commissioner of Education shall make grants to State educational agencies and local educational agencies, in accordance with the provisions of this subsection, in order to assist them in the planning, development, operation, and improvement of programs and projects designed to meet the special educational needs of gifted and talented children at the preschool and elementary and secondary school levels.

(2) (A) Any State educational agency or local educational agency desiring to receive a grant under this subsection shall submit an application to the Commissioner of Education at such time, in such manner, and containing such information as the Commissioner of Education determines to be necessary to carry out his functions under this title. Such application shall—

(i) provide satisfactory assurance that funds paid to the applicant will be expended solely to plan, establish, and operate programs and projects which—

(I) are designed to identify and to meet the special educational and related needs of gifted and talented children, and

[redacted] as

to hold reasonable promise of making substantial progress toward meeting those needs; and

(ii) set forth such policies and procedures as are necessary for acquiring and disseminating information derived from educational research, demonstration, and pilot projects, new educational practices and techniques, and the evaluation of the effectiveness of the program or project in achieving its purpose.

EDUCATION OF THE DISADVANTAGED GIFTED

SEC. 504. (a) (1) No less than 25 per centum of the grants under section 503 shall be made to local educational agencies which meet the eligibility criteria of section 103 (a) (2) of title I of the Elementary and Secondary Education Act of 1965.

(2) The Commissioner of Education shall not approve an application under this subsection from a local educational agency unless such application has been submitted to the State educational agency of the State in which the applicant is located and such State agency has had an opportunity to make recommendations with respect to approval thereof.

(3) Funds available under an application under this subsection may be used for the acquisition of instructional equipment to the extent such equipment is necessary to enhance the quality or the effectiveness of the program or project for which application is made.

(4) A State educational agency receiving assistance may carry out its functions under an approved application under this subsection directly or through local educational agencies.

(b) The Commissioner of Education is authorized to make grants to State educational agencies to assist them in establishing and maintaining, directly or through grants to institutions of higher education, a program for training personnel engaged or preparing to engage in educating gifted and talented children or as supervisors of such personnel.

(c) The Commissioner of Education is authorized to make grants to institutions of higher education and other appropriate nonprofit institutions or agencies to provide training to leadership personnel for the education of gifted and talented children and youth. Such leadership personnel may include, but are not limited to, teacher trainers, school administrators, supervisors, researchers, and State consultants. Grants under this subsection may be used for internships, with local, State, or Federal agencies or other public or private agencies or institutions.

RESEARCH AND RELATED ACTIVITIES

SEC. 505. Notwithstanding the second sentence of section 405 (b) (1) of the General Education Provisions Act, the National Institute of Education shall, in accordance with the terms and conditions of section 405 of such Act, carry out a program of research and related activities relating to the education of gifted and talented children. The Commissioner of Education shall transfer to the National Institute of Education such sums as may be necessary for the program required by this section. As used in the preceding sentence the term "research and related activities" means research, research training, surveys, or demonstrations in the field of education of gifted and talented children and youth, and education of the disadvantaged gifted, or the dissemination of information derived therefrom, or all of such activities.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 506. There are hereby authorized to be appropriated to carry out this title not to exceed $16,500,000 for the fiscal year ending September 30, 1979; and for each of the three succeeding fiscal years.

SUMMARY OF H.R. 9968, 95TH CONGRESS: "TITLE I AMENDMENTS ACT OF 1977"

H.R. 9968, entitled the "Title I Amendments Act of 1977," was introduced on November 3, 1977 by Representative Shirley Chisholm. The bill was referred to the House Committee on Education and Labor (Subcommittee on Elementary, Secondary and Vocational Education). Thus far, no action has been taken on the bill.

This bill would amend, and extend for three years (through FY 1982) the authorization of appropriations for Title I of the Elementary and Secondary Education Act of 1965 (P.L. 89-10, as amended): "Financial Assistance to Local Educational Agencies for the Education of Children of Low-Income Families." It would also establish a program for gifted and talented children (under Title V of the bill). The entire Elementary and Secondary Education Act (ESEA) is currently authorized through fiscal year 1979 (under provisions of P.L. 95-112); and may be automatically extended for an additional fiscal year under provisions of Sec. 414 of the General Education Provisions Act (Title IV of P.L. 90-247, as amended), if Congress does not act upon extension legislation before the beginning of fiscal year 1979.

Several bills have been introduced in the 95th Congress to extend the ESEA as well as related programs; hearings on these bills have been — and continue to be -- held by the House Subcommittee on Elementary, Secondary and Vocational Education, and the Senate Subcommittee on Education, Arts and Humanities. The ESEA and related legislation were last substantially amended and extended under the Education Amendments of 1974 (P.L. 93-380). Under the Education

Amendments of 1977 (P.L. 95-112), several of these programs -- including ESEA Title I -- were extended for an additional year, through fiscal year 1979, without substantial amendment.

A summary of H.R. 9968 follows. Except where otherwise noted, title and section numbers refer to those of H.R. 9968, not to those of ESEA or other legislation; except that when the phrase "Title I" is used it shall refer only to Title I Elementary and Secondary Education Act.

SUMMARY OF H.R. 9968, 95TH CONGRESS: "TITLE I AMENDMENTS ACT OF 1977"

Title I: Parental Involvement

Sec. 101. Parental Involvement

Part D (General Provisions) of ESEA Title I would be amended through modification of Sec. 141(a)(14), which provides for advisory councils for each local educational agency (LEA) receiving Title I, ESEA funds, and each school served by a Title I program. Under current law, these advisory councils are to be composed of members selected by parents in the LEA (for the LEA-level advisory councils) or specifically by parents residing in the Title I target school attendance area (for the school-level advisory councils). In each case, the majority of the advisory council members are to be parents of the eligible children to be served by Title I programs.

Under the current provisions of Title I, ESEA, the advisory councils are to be given responsibility by LEA's for advising the local agency in "the planning for, and the implementation and evaluation of," Title I programs. In order to perform this function, the members are to be provided by the LEA with access to information regarding local Title I programs.

The provisions of Sec. 101 of H.R. 9968 would amend these provisions of ESEA Title I as follows. The school-level councils would be composed of at least 10 members, three-fourths of whom shall be parents of children to be served under Title I programs, who are to be elected by parents residing in the target school attendance area.

The final one-fourth of school-level advisory council members would be elected by the other three fourths. The term of office would be two years; and the advisory councils would meet at least nine times each year.

The LEA-level advisory councils would be composed of representatives elected by the school-level councils (including at least one member from each school-level council).

Each application by a LEA for assistance under Title I would be required to include a description of a training program for members of the LEA-level advisory council, to be developed in accordance with criteria established by the Commissioner of Education. This training program would include attendance by council members at local, State, regional, or National workshops and meetings.

Within six months of the publication of final regulations based upon the amendments described above, the U.S Commissioner of Education (referred to throughout the rest of this paper as "the Commissioner") would distribute to each (school- and LEA-level) advisory council a "policy manual" containing: ESEA Title I and General Education Provisions Act (GEPA) legislation and regulations related to Title I programs; explanations and interpretations of these; recommendations for monitoring Title I programs and the applications for them; and summaries of court or audit hearing board decisions and final determinations by the Office of Education regarding audits of Title I programs. This manual would be updated as required.

Sec. 141(a)(8) of ESEA Title I, under which it is provided that applications and other information related to Title I programs must be made available to parents and the public by LEA's, would be amended to require that each LEA provide to each advisory council member a copy of: ESEA Title I; the General Education Provisions Act; all Federal regulations and guidelines based upon this legislation, as well as all State regulations and guidelines related to ESEA Title I programs; and additional training materials.

A new paragraph (13) would be added to Sec. 141(a) of Title I providing that LEA applications for Title I funds must be accompanied by comments asubmitted by all advisory councils in the LEA; and by a statement that all requirements regarding advisory council activities have been met.

Sec. 143(a) of Title I, regarding payments to States under the title, would be amended through the addition of a requirement that each State education agency furnish to the appropriate Title I advisory councils information on evaluations and audits of Title I programs.

Sec. 102. Workshops and Models for Parental Involvement

Sec. 152 ("Short Title") of ESEA Title I would be redesignated Sec. 157. Under a new Sec. 152, entitled "Workshops for Parental Involvement," the Commissioner would be required to sponsor 5 annual workshops in each region of the Nation for members of Title I advisory councils.

In addition, the National Institute of Education is directed to conduct -- and disseminate the results of -- a study of exemplary programs of parental involvement in Title I activities.

Sec. 103. **Regulations**

Final regulations to implement the amendments made under Title I of H.R. 9968 would be issued by January 1, 1979.

Title II: Administrative Enforcement

Sec. 201. **State Application**

Sec. 142(a) -- Assurances from States -- of ESEA Title I would be amended through addition to the requirements that must be met by States when applying for financial assistance under Title I. It is currently required that each State desiring to participate in Title I provide "satisfactory assurance" that:

--payments under Title I will be used only for programs approved by the State educational agency (SEA), and that the SEA will meet all obligations imposed upon it under Title I (Sec. 142(a)(1));

--such fiscal control and accounting procedures shall be established as may be necessary to assure proper disbursement of, and accounting for, Federal funds (Sec. 142(a) (2)); and

--the SEA will make regular reports to the Commissioner, including evaluations of the effectiveness of programs assisted under Title I; and keep necessary records to verify the accuracy of these reports (Sec. 142(a)(3)).

Under H.R. 9968, States applying for Title I funds would be required to include the following with their applications:

—copies of regulations or guidelines issued by the State education agency for Title I programs;

—descriptions of the procedures for monitoring programs, for the resolution of complaints, and for program audits (both a plan for these activities for the coming year, and a description of those which took place during the preceding year);

—application forms to be used by LEA's applying to the SEA for Title I funds; and

—any related documents.

Section 142(b) of ESEA Title I, under which it is currently provided that the Commissioner shall approve an application which meets the requirements stated in Sec. 142(a); would be amended to require that the Commissioner not approve an application by a State until he or she is satisfied that the application is in compliance with all of the requirements related to such applications which are contained in Title I, ESEA. The provision that an application shall not be finally disapproved without reasonable notice -- and the opportunity for a hearing — is retained.

A new subsection (c) would be added to Sec. 142 of ESEA Title I, requiring that an on-site visit be made each year to the State education agency in each State receiving Title I funds. The purpose of these visits would be to review program administration and control activities within the State; and to offer technical assistance to the SEA.

Sec. 202. Audit Resolution Procedures

A new Sec. 153 -- entitled "Resolution Procedures for Audit and Examination of State and Local Educational Agencies" -- would be added to Title I, ESEA. Under this section, the Commissioner of Education would be required to issue regulations establishing detailed procedures for the resolution of financial exceptions determined as a result of an audit or other program examination; including the means for return of funds not expended in accordance with the law.

A State education agency would be allowed 30 days in which to respond to any audit report issued by the U.S. Office of Education. If no response is made by the end of this 30 day period, the Commissioner may order the SEA to respond during an additional 10 day period. If there continues to be no response by the SEA, the Commissioner shall begin proceedings for withholding of all, or a portion, of Title I payments to that State, as appropriate.

Sec. 203. Complaint Resolution

A new Sec. 154 -- "Complaint Resolution Procedures" — would be added to ESEA Title I. Under this section, it would be required that each LEA receiving Title I funds implement detailed, written procedures for the resolution of complaints, made by concerned organizations or individuals, of violations of legislative provisions related to Title I programs. The procedures shall provide for the resolution of complaints within 30 days; and for appeal of final resolutions made by the LEA to the SEA. Each SEA shall also implement detailed written procedures for the receipt of appeals of complaint resolutions made by LEAs; for conducting on-site investigations of such complaints if necessary; for the resolution of these appeals; and for further appeal of final resolutions of complaints made by the SEA to the U.S. Commissioner of Education.

Finally, the Commissioner shall implement similarly detailed, written procedures for receiving appeals of resolutions of complaints made by SEAs as well as complaints made directly to the Commissioner by concerned organizations or individuals. The Commissioner shall conduct on-site investigations of such complaints if he deems this to be necessary. These procedures shall include provision for "administrative appeal" of any final resoutions by the Commissioner.

Sec. 204. Annual Enforcement Report

A new Sec. 155 would be added to ESEA Title I, entitled "Annual Enforcement Report." Under the provisions of this section, the Commissioner would be required to submit to the Congress an annual report on the enforcement of requirements under Title I. This report would include:

—an analysis of the extent to which each State's policies and procedures meet the requirements of Title I;

—a description for each State of the manner in which information on program activities in that State were taken into account in the approval of that State's application for Title I funds;

—a summary of the findings of the Commissioner's monitoring visits to the SEAs;

--a detailed description of program audit resolution activities by the Office of Education (including the status of all unresolved audits, a summary of audit follow-up activity, a description of audits planned for the succeeding year, and recommendations for improvement of the audit process); and

--information on complaints regarding Title I programs which were made to the Commissioner during the preceding year.

Sec. 205. Withholding Authority

Under Sec. 146 of ESEA Title I ("Withholdings"), it is presently provided that the Commissioner shall withhold payments to a State education agency which has failed to "comply substantially" with any assurance contained in that State's application for Title I funds. Such withholding may involve either all payments to the State, or only those payments made on behalf of one or more LEAs in the State, whichever is appropriate.

Sec. 205 of H.R. 9968 would amend these provisions by extending their application to all requirements of the States, in addition to any assurances made by the States; and the Commissioner would be required to withhold Title I payments to the State if a review of the relevant information indicates that it is "more likely than not" that a State or LEA has failed to comply with the requirements of ESEA Title I, the General Education Provisions Act, or the regulations associated therewith. In cases where reviews or audits reveal "substantial or repeated" problems of compliance, State administrative funds under ESEA Title I, as well as grants to the SEA under ESEA Title V (Grants to Strengthen State Departments of Education), may be withheld.

If Title I payments to a State are so withheld, they may be resumed only if the State education agency enters into a compliance agreement with the Commissioner, which covers all matters that resulted in the withholding.

Sec. 206. Local Educational Agency Applications

Sec. 141(c) of ESEA Title I, regarding applications by LEA's to SEA's for Title I assistance, now provides that no SEA shall finally disapprove a LEA application without affording the LEA "reasonable notice" and the opportunity for a hearing. Under Sec. 206 of H.R. 9968, this subsection would be amended to provide that -- subject to Sec. 425 of the General Education Provisions Act ("Review of Applications") -- a SEA shall not approve a LEA application for Title I funds if any review or audit of Title I programs in the LEA has demonstrated any uncorrected failure to comply with the requirements of ESEA Title I. The provisions of ESEA Sec. 141(c) regarding notice and opportunity for a hearing would be retained.

Sec. 207. State Administrative Funds for Enforcement

Sec. 143(b) of ESEA Title I (providing for payments to State education agencies for administration of Title I programs) would be amended to authorize an increase of up to 25% in Title I State administration payments. [These payments are currently set at 1 percent of ESEA Title I grants or $150,000, whichever is greater ($25,000 for each of the outlying areas).] Any funds added to grants for State administration would be used for purposes of program monitoring, audit resolution, and enforcement of program requirements by the SEA.

Sec. 208. State Educational Agency Approval of Local Program Applications

New subsections (d) and (e) would be added to Sec. 141 of ESEA Title I ("Application"). SEA's would be required to disapprove LEA program applications containing program designs which have been shown to be ineffective in previous evaluations.

Also (subject to the provisions of Sec. 425 of the General Education Provisions Act -- "Review of Applications"), if a State education agency finds that a LEA has failed to comply substantially with any assurance contained in the LEA's program application, no further payments may be made to the LEA. As provided elsewhere in this bill (and in current Title I legislation), payments to the LEA would not be terminated without notice and an opportunity for a hearing.

Sec. 209. State Monitoring and Audit Resolution

A new Sec. 155 would be added to ESEA Title I, entitled "Standards for State Monitoring and Audit Resolution; Procedure for Recoupment." States would be required to implement procedures for the conduct of Title I program monitoring and audit resolution activities, which are consistent with minimum standards established by the U.S. Commissioner of Education.

"Notwithstanding any other provision of law," when all appeals of a finding that Title I funds have been misspent have been exhausted, such funds shall be repaid from non-Federal sources.

Title III: Special Projects

Sec. 301. Amendment to Title I

A new Part E — "Special Projects" — would be added at the end of ESEA Title I. For the purposes of this Part, $600 million would be authorized to be appropriated for each fiscal year 1979-1982.

Under a new Sec. 162, the Commissioner would be authorized to make grants to certain LEAs for Title I "summer bridge programs." Only LEAs with 5,000 or more children from poverty families (as determined under the Title I LEA grant allocation formula) may qualify for these grants; the purpose of which would be to provide Title I services to educationally disadvantaged children during the summer months. Between 40 and 60 percent of the funds appropriated for Part E of Title I would be devoted to grants for summer bridge programs.

Up to 5 percent of the funds appropriated for Sec. 162 could be used for grants for pilot projects which would continue throughout the year.

The Commissioner would be required to report to the Congress on the effects of these summer and year-round programs by January 1, 1981.

A new Sec. 163, entitled "Parent Education Programs" would be added to ESEA Title I; under which 10 to 20 percent of the funds appropriated for Part E of Title I could be used for grants for the education of parents of children served under Title I. The aim of such parent education programs would be to help parents develop skills which would contribute to the educational progress of their children.

A new Sec. 164 of ESEA Title I would be added under H.R. 9968, providing for "Model Programs for Junior and Senior High School Students." Between 10 and 20 percent of the funds appropriated for the new Part E of Title I would be available for these grants; which would be for the development of innovative programs to serve educationally disadvantaged high school students. Descriptions of successful programs would be disseminated by the Commissioner.

A final section which would be added to ESEA Title I under a new Part E would be Sec. 165 -- "Retraining of Educational Personnel." Under this section, the Commissioner would be authorized to make grants to local educational agencies for planning and operating training and retraining programs, for teachers, volunteers, and other education professionals and paraprofessionals, who would participate in Title I programs. Between 10 and 20 percent of the funds appropriated for the new Part E of Title I would be available for this purpose.

Activities which may be included in such training programs include the development of curricula, and the development of skills to meet the special educational needs of educationally disadvantaged children. Those edigible for such training would be Title I target school staff members, advisory council members, volunteers, principals, and specialists who are to deal solely with children served by a Title I program.

Title IV: Duration of Programs and Miscellaneous Provisions

Sec. 401. Duration of Title I

The authorization for appropriations for ESEA Title I would be extended through fiscal year 1982. (It is currently authorized through fiscal year 1979; and may be automatically extended an additional year under provisions of Sec. 414, General Education Provisions Act.)

Sec. 402. Division of Education for the Disadvantaged

Regarding his responsibilities related to ESEA Title I, the Director of the Division of Education for the Disadvantaged in the U.S. Office of Education would report directly to the Commissioner of Education, rather than through any intermediary.

Sec. 403. Local Hiring Under Title I Programs

Preference in the hiring of personnel for Title I programs would be given to parents of children participating in such programs.

Title V: Gifted and Talented Children

Sec. 501. Short Title

This title would be referred to as the "Gifted and Talented Children Act."

Sec. 502. Administration

An administrative unit would be created within the Office of Education, to be responsible for all programs for gifted and talented children and youth. A clearinghouse would be established or designated by the Commissioner for dissemination of information regarding education for the gifted and talented.

Sec. 503. Grant Program

The Commissioner would be authorized to make grants to State or local educational agencies for the development or operation for programs for gifted and talented children. Applications for such grants would be required to provide that funds would be used to identify and meet the special needs of gifted and talented chidren; that programs would meet standards of size, scope, and quality; and provision would be made for program evaluation and for the dissemination of relevant information.

Sec. 504. Education of the Disadvantaged Gifted

At least 25 percent of the grants made under this act would be made to LEAs which are eligible for grants under Title I, ESEA. Applications by LEAs for such grants under this section would be submitted through the State education agency. Grants may be used for the acquisition of instructional equipment.

Grants are authorized to State education agencies to establish or operate programs for training teachers of the gifted and talented, and related supervisory personnel. Grants may also be made by the

Commissioner to higher education institutions or other nonprofit agencies or institutions for training of "leadership personnel" (school administrators, researchers, etc.) for the education of gifted and talented children and youth.

Sec. 505. Research and Related Activities

The National Institute of Education would be directed to carry out a program of research and related activities on the education of the gifted and talented.

Sec. 506. Authorizations of Appropriations

$16.5 million would be authorized to be appropriated for this act for each of fiscal years 1979-1982.

Mr. KILDEE. Congresswoman Chisholm, I enjoyed your testimony immensely, as always.

One of the fundamental points of difference among witnesses and also among some Members of the committee, is whether Title I should be based up on achievement or upon poverty, and in the light of that point of difference, I would like to ask this question:

There has been earlier testimony stating the need for summer programs to sustain gains for Title I children. I think Mr. Pelavin provided some very good data on that, and also on the need to expand the programs to later elementary grade and to high schools. In light of that, do you believe Title should be expanded in those directions first for low income, low achiever, before it is expanded to middle class, upper clas low achievers?

Mrs. CHISHOLM. Yes, I sincerely do. The reason I do is this: First of all, we have to talk about the business of appropriations. Until we can get the kind of commitment in this country with the proper kind of funding to give all children the educational opportunities necessary to function in this society, we have to continue to talk about the limitations with respect to the limited funding. Therefore, in order to sustain whatever progress can be made academically, knowing the backgrounds of these children from kindergarten all the way through high school, because essentially the economic backgrounds do not change, so it gives to them the opportunity for educational achievement when they get out of Title I programs from kindergarten through grade 6, it would seem to me if we are to really hold onto these young people who have become adults in this society that we have to give priority to them first of all because they face double jeopardies. They are poor and not only are they poor, but they also lack the educational achievement.

So I think that until this country can come to the point where we can do better in terms of educational appropriations, we must continue to give priority to the economically disadvantaged over the educationally disadvantaged, because when you compare the economically disadvantaged with the educationally disadvantaged, you still have to say in terms of physical plants, in terms of the educational resources, in terms of many, many things, young people from the middle and upper class in our society do not suffer and could never suffer what the kids from the economically disadvantaged do.

Therefore, to that level, I would tend to feel it would be important to do so.

Mr. KILDEE. In other words, if the Appropriations Committee was as generous as the committee upon which you used to serve, as probably could serve more people.

Mrs. CHISHOLM. Yes.

Mr. KILDEE. Mr. Buchanan?

Mr. BUCHANAN. Thank you, Mr. Chairman.

I must say that choosing between my leader, Shirley Chisholm, and my leader, Al Quie, is a very unhappy choice. The trumpet is giving a confused sound. My leaders are leading in two different directions, and I don't know what to do. It's especially unhappy in light of the fact I know we would all agree, as the Chairman and you just said, if there were sufficient commitment in this country on the part of this Congress, it's not the kind of choice you ought to have to make between whether you try to provide more adequately for education to deprived children generally or whether you must concentrate on disadvantaged, just because the money doesn't go around.

I have some questions:

Before you came in, Ms. McClure was regretting that you were not still a Member of the committee, and I also regret that. We need you here. But, I do have some questions regarding your rather strong statements pertaining to the Quie bill.

For example, you indicated that it would turn Title I into little more than a program of general aid. We had a witness here last week who pointed out that if the poor achievement cutoff point were defined as 15 percent of the number of children eligible, it would be no greater than under the current formula. That doesn't speak to who would then be left out, but if you decided to make that change, it could cover a comparable group of children with existing funds.

They just would not necessarily all be the same children. Do you have any comment on that?

Mrs. CHISHOLM. Actually we always have to deal with the question of funding. All right, since we have to take funding into consideration, and realizing that we very seldom get the appropriations that have been authorized, we have to then back off and establish priorities, and what really concerns me is although we originally had an authorization of I beliee $4.6 billion, we only actually got $2.3 or $2.4 billion, which really now only takes care of the needs of about 60 percent of the children who are eligible.

What about the other 40 percent that are just not getting any help because we just don't have the funds? I hate to find myself in this position, because I believe from the depths of my heart that every child in this country should be able to get the kind of education and the kind of assistance that will enable said child to acquire the requisite skills to function in a highly automated and technological society. But life being what it is and the reality of the authorization and appropriation processes here in the Congress, I have to choose, and so I feel that until we can come to that day when we can get this kind of money that economically advantaged youngsters, even though they may not be academically in the position of being achievers, they have access by virtue of their economic level to the acquisition of the kinds of resources that a child that has that double burdent just does not have.

So, along those lines, I just continue to move in the other direction. I hate to cause you such consternation.

Mr. BUCHANAN. I am afraid it's a normal condition. I see these two particular leaders going in opposite directions.

You mentioned your desire for these opportunities for all children, and you do provide in your legislation, although it's not in your testimony this morning, for establishing a program for gifted and talented children. I wonder if you would tell us a little about that, and what role this type of program would have in educating the children from low income families?

Mrs. CHISHOLM. I believe one of the things we needed to do was make some kind of provisions for many of the gifted and talented youngsters from disadvantaged backgrounds because of the fact that there has been a tendency to pay more attention to compensatory education for youngsters who lack the skills and training and need so much help. We have also tended to overlook the gifted children, the very talented children from economicaly disadvantaged backgrounds. I thought that the time had come now that we must have the Commissioner of Education, at least 25 percent of the grants go to those districts eligible for Title I, to take care of the talented and gifted children who are a part of their district.

We have overlooked very, very talented and creative children because, again, of priorities of need, but I think it's beginning to catch up with us. A 25 percent setaside from the Commissioner's funds to do this, I think, is very, very important. I don't know, Ms. McClure, did you want to say something?

Ms. MCCLURE. No.

Mr. BUCHANAN. Last week Ms. Fournier, Title I Director of Mobile, Alabama school system, said in her testimony that the eligibility based on low income equates the program to one of welfare, and I quote: "It is degrading to the recipients." I wonder if you would comment on this problem?

Mrs. CHISHOLM. I hate to get into the shibboleths about welfare and some of the questions that are raised in that light. I think the important thing to recognize is it is not what you do, it's how you do it. I do not see this as a question of your getting into the area of perhaps giving a kind of welfare tinge to this, we are meeting the legitimate needs of educationally disadvantaged children.

I think it's important to recognize that we are dealing with some fundamental educational problems that have to be addressed, and that we as Federal legislators, to the best of our ability, have to find the instruments to make sure that Federal funds help the people out there with respect to the many, many problems they face in their local districts. So, there are lots of things we can say smell, or have a faint welfare tinge to them. But I think the Federal Government has a responsibility to make sure that whatever funds that are distributed are distributed in such a way that we really do give meaningful help to those persons in our society who otherwise would not be able to get the help.

So I don't exactly see it in that light, because I can understand also some people also addressing the welfare issue sometimes in terms of the school lunch program, children go into the school lunch room and if you put them in a certain line and the other children who are not on welfare, in another line, that it gives the taint, you know, they are begging for something. It is not what you do, as I say, it's how we will do it, and it's the same thing in the school lunch program. It's how you do it in the school that will place children in that kind of atmosphere.

Mr. BUCHANAN. I know I have exceeded my time limit, but I would like to discuss one more thing so you will understand my personal discomfiture and uncertainity about which approach would be right, with the limited funds, to take.

There is an NIE study which shows that urban areas in general, and specifically urban areas with a large minority population, will gain significantly under the Quie approach. Also, the NIE study of administrtion of the current Title I law tells us that once a LEA selects target schools, that funds are generally then allocated on the basis of educational need in each school. So, except for the designation of the schools, this does what the Quie bill proposes to do. The way the present law is being implemented already includes elements of the Quie approach. After you make the decision as to which school, then you do go on the approach of educational need.

I wonder if you or any of the witnesses would have any response to this? Number one, it would appear that urban areas, particularly with large minority populations, would profit rather than not profit under this, and secondly, that what Mr. Quie proposes is more or less an extension of what happens now once the schools are selected.

Mrs. CHISHOLM. I cannot see, I would have to read the context of that section, of the NIE report. I am going to get in the area now we didn't open before. Even if we go into the question of the desegregation procedures, which has caused some schools to have to possibly shift within a given school district, first of all the Title I moneys may still be coming to that district, but it may not be necessarily coming to the particular school, and we must remember that the Emergency School Aid Act assized those districts who will not be eligible for Title I funds because of a turnabout. I don't see how the Quie bill, and I must confess will have to look at again, because I do not see really how the Quie bill is going to help large, urban areas to do better with respect to the receipt of Title I funds, if you are going to broaden the base of the bill, not have increased appropriations for the bill, and bring in a large number of youngsters in this country who heretofore were not a part of the Title I programs. Not only that, but if it is based solely on educational need, you will penalize effective programs.

I don't seet how this could help and redound to the benefit of the large urban centers that have fantastic concentrations of economically disadvantaged students. I just don't see that rationale. Maybe there is something I am missing.

Phyllis?

Ms. McClure. Congressman Buchanan, let me make a couple of points which I hope will help you make up your mind on this question.

First of all, as you have suggested, more than three-quarters of the elementary schools in this country already receive Title I money, and once the money is at the school level the children furthermost behind in educational attainment, whether they are the children of middle class parents or millionaries or garbage collectors, can participate in the program. That structure is already there.

I really don't see what more Mr. Quie's proposal would do, since such a high proportion of elementary schools already receive Title I funds.

Second, I have never really understood Mr. Quie's bill because of the problem of the disincentive that would inevitably be built into it. The disincentive being that, what is the incentive of increasing educational attainment if your funds are going to be cut off when you get there? I just don't see how that would work.

Third, I would propose to you and to Mr. Quie if he were here, that when the Congress fully funds Title I, when 100 percent of all the eligible children under the current statute are served, when the "Summer Bridge" programs are put in, and when there is enough money to serve all grades, then come back and let's talk about Mr. Quie's proposal.

Mr. Buchanan. Thank you very much.

Mr. Chairman, I have exceeded my time, but let me yield back and then if I can have another turn I would appreciate it.

Mr. Kildee. You always use your time very well, Mr. Buchanan. I never have any problems there. We will come back.

I have a few questions here.

Mrs. Chisholm, you have proposed in your bill a strengthening of the role of the parent advisory councils in Title I, and you have given, to my mind, very persuasive testimony for the need for this improvement. I would like to mention to you, however, some school administrators have expressed concern to the committee that Title I advisory councils should not be allowed to be "given an administrative role" in the program, since that would interfere with the effective operation of the program.

Would you like to react to their concerns?

Mrs. Chisholm. I most certainly would, because the bill does not call for giving the parents an administrative role. What we are saying is that they must be given program training set up by the local educational agencies in consultation with the members of the council, so that they can do a better job of enhancing the eudcational programs for their children. They are laymen, they are lay people, they don't know the professional things that the teachers and the administrators and the supervisors know. We don't expect them to know that, but what we are saying is we must help to give them the kind of training so that they can have much more meaningful and relevant input. Because the few school districts in this Nation that have engaged in such practices have done substantially better in terms of the relationships between the professionals in that community and the parents in that community, all of them working towards the most important objective, and that is the education of the child.

Now, when school administrations mention that, you must remember that change is in the nature of things, and when anybody senses a change coming, a change that perhaps might usurp in their minds some of the things that they have enjoyed without sometimes really getting into the depths of what it is we are trying to do, the quickest response is to say you are turning the school over to the parents, you are giving them the administration of the school. Nothing is further from the truth in terms of the legislation that I am proposing.

Mr. KILDEE. You are not proposing, are you, a veto power by part of the PAC?

Mrs. CHISHOLM. No.

Mr. KILDEE. You just want to increase meaningful input?

Mrs. CHISHOLM. Yes, that is what I am doing. I am doing it on the basis of what I have seen happen in some schools in this country.

Mr. KILDEE. My next question is really for Ms. McClure. If your question is to Shirley Chisholm, I yield to you at this time.

Mr. BUCHANAN. I have just one more question regarding my earlier question. Would not the use of achievement data be more accurate than census data? As I remember the statistics, we are reaching about 24 percent of the children with this program, and yet we are reaching, as you said, only 60 percent of the disadvantaged, and only about one-third of the educationally deprived children. Would you comment on the relative reliability of census versus achievement data as a basis?

Mrs. CHISHOLM. I think we are going back to the old buggaboo that rears its head every so often, testing procedures and what have you to make some determinations. Unless you have in your own mind some other instrument that we would use for achievement other than tests, I have to know whether or not you have some other instrument, because if you have another instrument, then I could respond differently. Because, if you are talking about testing, I do not think we need to spend this morning going into the inefficacy of testing mechanisms in this country with respect to trying to come up with reliable and valid information that will bring out the potential in children, because we know what has happened with testing that is skewed in the direction of children who cam from middle and upper income categories in this country. If we use that as one of the mechanisms, it knocks everything out of the box, and knocks everything right out the window.

So, I do not think we can use achievement tests or achievement, let me say, achievement testing, that is what I wanted to say, for making determinations, beause essentially we have found on the basis of educational reports and on the basis of data that has been collected that we cannot rely on testing to determine the potential in the gifts and the innate talents that children that come from economically disadvantaged environments might have.

Mr. BUCHANAN. You always are most persuasive, I will say to our colleague. It's a pity Governor Quie can't be here.

Mrs. CHISHOLM. I wish he were here this morning. I flew down purposely to confront Governor Quie.

Mr. KILDEE. The Chair wishes he were here also.

Mr. BUCHANAN. Thank you, Mr. Chairman.

I, too, have a few questions of the other witnesses, but I want to join you in thanking our colleague, and you may be sure, seriously, will take a hard look at your bill as I will do. As always, you make a great deal of good sense.

Mrs. CHISHOLM. I know you will give the best that is within you to give at all times.

Mr. KILDEE. Thank you very much, Mr. Buchanan.

Congresswoman Chisholm, the committee would be happy to excuse you at this time. We have some questions for the other witnesses. We deeply appreciate your enthusiasm and help with this cause.

Ms. McClure, the subcommittee heard a few weeks ago from the Deputy Director of the HEW audit agency that there were few problems over the OE handling of the audit reports filed with it by the audit agency. He stated his opinion directly after we heard testimony on the same day from the NIE to the effect that the HEW auditors had "given up" on auditing Title I because OE was not following through on them.

Could you comment on this apparent discrepancy and possibly briefly summarize for the record the two internal HEW reports, or if you have a written summary of those two HEW reports which you referred to an which the counsel has, if you could submit them later for the record, they would be included in summary. But there seems to be a discrepancy between the statement of the Deputy Director of the audit agency and the NIE on the problems of auditing.

Ms. McCLURE. That is a discrepancy, all right, Congressman Kildee. Sometimes I wish this committee would not hear from directors and deputy directors, but from the Title I auditors themselves. The study that I referred to earlier known as the Pollen Report is a study of the audit resolution process. I would be glad to summarize it if you want.

If you have it, it says very succinctly what problems that the audit agency finds with OE. Let me see if I can touch upon some of them briefly.

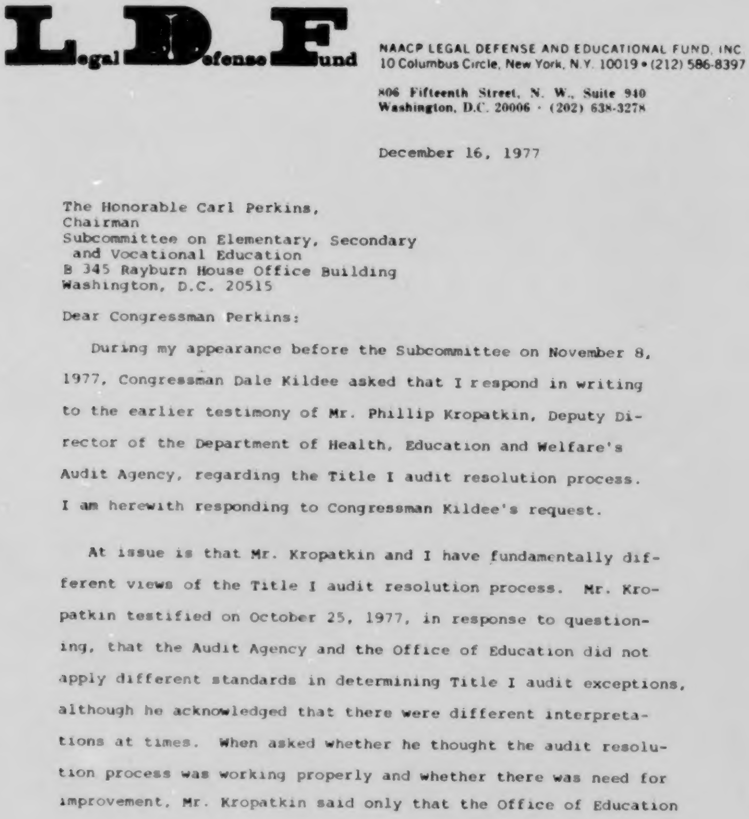
First of all, the Office of Education educator types tend to look upon the auditors as the green shade people who should only do the physical accounting despite the fact that the audit agency's mandate within HEW is to look at program compliance as well as fiscal matters. The problem comes up when the auditors come up with an audit report showing program violations. The Office of Education gets into a dispute with them as to the validity of their findings. The auditors over the years have gotten pretty discouraged by the facts that I recited in my earlier remarks about the negotiating away of the audit exceptions which the auditors firmly believe are legally sustainable.

I would like to see the statement of the deputy director and get to the bottom of this because I don't think he is listening to the people in his own agency, based on what HEW itself knows.

Mr. KILDEE. We could provide that transcript. If you would like to reply to his statement by letter, we could make that part of the record. I am being charitable and kind and gentle when I say there is a discrepancy between the two statements, NIE and the Deputy Director of the HEW auditing agency. We would be glad to provide the two testimonies for you if you would care to respond to them.

Ms. MCCLURE. Thank you, I would much prefer to take him on after I have seen what he has actually said than right now.

[Information requested follows:]



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December 16, 1977

The Honorable Carl Perkins,
Chairman
Subcommittee on Elementary, Secondary
and Vocational Education
B 345 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Perkins:

During my appearance before the Subcommittee on November 8, 1977, Congressman Dale Kildee asked that I respond in writing to the earlier testimony of Mr. Phillip Kropatkin, Deputy Director of the Department of Health, Education and Welfare's Audit Agency, regarding the Title I audit resolution process. I am herewith responding to Congressman Kildee's request.

At issue is that Mr. Kropatkin and I have fundamentally different views of the Title I audit resolution process. Mr. Kropatkin testified on October 25, 1977, in response to questioning, that the Audit Agency and the Office of Education did not apply different standards in determining Title I audit exceptions, although he acknowledged that there were different interpretations at times. When asked whether he thought the audit resolution process was working properly and whether there was need for improvement, Mr. Kropatkin said only that the Office of Education could act more speedily. When the Subcommittee counsel pointed out that less than 10% of the funds which HEW auditors found to be illegally spent had been sustained as audit exceptions by the Office of Education, Mr. Kropatkin regarded that record as a "natural one involving many legal considerations."

The experience of HEW auditors, the National Institute of Education's report on the administration of Title I, and my own examination of the documentary evidence all directly contradict Mr. Kropatkin. I can only conclude from his testimony that either he was inadequately briefed or that he preferred not to divulge intra-departmental conflicts to the Subcommittee.

The lack of speedy resolution of audits is only symptomatic of an intense and fundamental disagreement between the Audit Agency and some higher level officials in the Office of Education over the appropriate standards by which to judge Title I audit exceptions. The fact is that the two agencies do apply different standards. The conflict goes to the very heart of Title I's purpose to provide supplementary, targeted and compensatory educational services to educationally disadvantaged students in schools located in low-income areas. The problem is compounded by the fact that OE officials themselves do not agree on the proper interpretation of the statute and regulations. These disputes within OE and between OE and the Audit Agency delay the issuance of

Final Determination Letters so long that the five-year statute of limitations bars recovery of millions of dollars that the auditors have judged to have been illegally spent. Because OE officials generally regard recovery of money from state and local agencies as professionally distasteful, delay in the audit resolution process gets them off the hook. If the statute of limitations has expired, OE does not have to face the unpleasant task of asking state and local officials to pay back millions of dollars.

The application of different standards in just one area -- supplement/supplant -- is succinctly described in NIE's study of administration.[1/] That study reveals only the tip of the iceberg. The Audit Agency and the Division of the Education of the Disadvantaged (DED) in the Office of Education come pretty close to agreeing on the legal and program standards for judging illegal expenditures. But the Associate Commissioner for Compensatory Programs, Dr. John Rodriguez, frequently overrules both DED and the auditors. Dr. Rodriguez is explicit about his disagreements with the Audit Agency in numerous internal memoranda which the NIE report did not cite. For example:

> In general, I do not agree with the standards and tests used by the Audit Agency as a basis for "supplanting" violations. In every case the Audit Agency has used services rather than expenditures as the basic unit of analysis. This practice is in direct conflict with the

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[1/] National Institute of Education, Administration of Compensatory Education, pp. 23-44 (September 19, 1977).

> statutory stipulations that supplanting involves calculations based on "level of funds." Equating services or selected services with aggregate "level of funds" not only disregards explicit statutory language, but also violates the intent of Congress, in my opinion. 2 /

The Audit Agency takes a different view:

> ...[T]he legislation appears to us to clearly direct its attention to services.... [F]inancial assistance is tied to the "special educational needs of educationally deprived children." This we feel ties in the services aspect to any measurement.... [F]unds are indeed tied to the program and projects and thus tied to services. Measurement of supplement and supplant in dollar units only provides no indication whether a Title I project is in fact being carried out in accordance with the project application and reaching the educationally deprived children. If the definition of supplement and supplant are funds oriented only then none of the measures mentioned in the legislation would provide a means to determine that educationally deprived children were in fact being served as intended. 3 / (emphasis in the original)

The debate between Dr. Rodriguez and the auditors carries over into other areas such as the measure to be used in determining general aid violations. In rejecting a Title I audit exception by the Audit Agency, Dr. Rodriguez wrote:

> The auditors counter argument is that the "equipment was used for the benefit of the student body as a whole" and assert that §116.7(g) of the Regulations "precludes the use of Title I funds to meet the needs of the student body at large." This interpretation of the Regulations ignores the distinction which should be made between the design of the project and its implementation in the classroom. The Regulations speak only of requirements of design and never to any operational limitations. The design limitation set forth in

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2 /Memorandum from Associate Commissioner to the Deputy Commissioner, Bureau of School Systems, December 12, 1975, p.1.

3 /Memorandum from the Audit Agency to the Office of Education Task Force, October 8, 1976.

> the Regulations does not by any means "preclude the use of Title I funds to meet the needs of the student body at large as the auditors contend.[4] (emphasis in the original)

The conflict between Dr. Rodriguez and the Audit Agency are not simply differences of legal interpretations. It is a fundamental question of what standards local school should be held to. Dr. Rodriguez argues that what counts is how local officials say they are going to spend Title I money. The auditors say that it is the way money is actually spent that counts. In other words, is the standard to be the design of the program or its implementation?

The tension in the audit resolution process, the dilatory tactics of the Office of Education in responding to audit findings, and the consequent loss of credibility of the Title I enforcement effort have been of concern to Department officials for some time. Mr. Kropatkin's testimony before the Subcommittee reveals that he is unfamiliar with an internal HEW study, known as the Pollen Report, which described the relationship between the Audit Agency and the Office of Education as "strained and said to be getting worse."[5] I have appended to this letter a four-page excerpt from the Pollen Report which aptly outlines this strained relationship. A more recent internal HEW study for the Secretary reported that "There is a long history of differences between OE and DHEW-AA, particularly in the Title I area.... Each of these issues is being brought to the Secretary's level because ... they have not been successfully resolved at lower levels, and settling them is expected to produce significant improvements in the audit resolution process." 6 / Things have not gotten any better in the two years since the Pollen Report due to the fact that the Office of Education/Audit Agency effort to agree on well-defined standards has still not produced results.

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[4] /Memorandum from the Associate Commissioner to the Director, Division of the Education of the Disadvantaged, November 26, 1975, p.l.

[5] /David Pollen, Study of the Audit Resolution Process in the U.S. Office of Education, August 1975. Mr. Pollen is currently chairman of the Audit Hearing Board in OE.

The Audit Agency has not entirely given up on Title I auditing 7/ , but the program is no longer given top priority. 8 / The Audit Agency believes that it is an independent agency and that it cannot be continually co-opted by the Office of Education's delay in processing audits. The present procedures require OE and the Audit Agency to come to an agreement on audit exceptions before the Final Determination Letter and the audit are issued. The Office of Education is supposed to comment on draft audit reports within 30 days. But in two recent cases, the Audit Agency released audits without OE's concurrence because of OE's manipulation of the process. Two audits serve as examples.

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6 /HEW Penalty Study - Title I, ESEA: Analysis and Recommendations for Improved Compliance, (undated).

7 /The Audit Agency's record of Title I audits completed over the last seven fiscal years is as follows: FY 1971-23; FY 1972-24; FY 1973-16; FY 74-14; FY 75-30; FY 76-16; FY 77-10.

8 /See NIE Administration Study, p.44.

1. The North Dakota Audit - Auditors found that four school districts had used Title I funds to supplant state and local funds. The Audit Agency submitted the draft audit report to OE on November 12, 1975. Eight months later, on July 12, 1976, OE provided its comments which essentially agreed with the auditors' findings but recommended that the audit report cite specific sections of the regulations which had been violated. The Audit Agency revised the report in conformance with OE's recommendations. Then on September 20, 1976, OE informed the Audit Agency that it had changed its mind and that further information was needed to prove that supplanting had occurred. Well established practice in the audit resolution process is that the Audit Agency has only to show a presumption that a violation has occurred at which point the burden of proof shifts to the state and local educational agencies.9/ But in the case of the North Dakota audit, OE was putting the burden of proof on the Audit Agency. Nine months passed before the Audit Agency could respond to OE because the auditors who had originally worked on the North Dakota report had been assigned to another

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9/See NIE Administration Study, p.30 footnote 11.

project. On June 10, 1977, the Audit Agency wrote to Dr. Rodriguez reaffirming its original findings. OE was informed that unless it wanted to comment further, the Audit Agency planned to release the report within 15 days. OE had no response, so the Audit Agency released the audit without OE's concurrence. Said one auditor familiar with the story: "If anyone wants to give away U.S. money, let it be OE, not the Audit Agency."

2. The Arizona Migrant Audit - Auditors found that at least $755,049 of Title I money for migrant children had been spent on activities directed toward the entire school population rather than toward migrant children. The audit findings became the subject of a complicated dispute within OE. Dr. Rodriguez took the position that the definition of educationally deprived children in the regulations did not include migrant children, that the prohibition against supplanting did not apply to the Title I migrant program, and that "on the face of the audit report, the auditors failed to demonstrate that the SEA in fact was in violation of the regulations in providing services which were apparently designed to serve migrant children in a 'mainstream' setting." The Audit Agency made

> a number of requested changes in the Arizona migrant audit, but Dr. Rodriguez still would not support several of the audit exceptions. For a period of six months the Audit Agency and OE could not agree on standards and interpretations of the regulations. Believing that its independence and integrity were being compromised, the Audit Agency released the audit without OE's concurrence. The Final Determination Letter was not issued by OE for another year and three months due to a protracted debate within OE over substantive and procedural matters affecting the Final Determination Letter to Arizona and the audit resolution process in general. Over $300,000 were nonrecoverable because the statute of limitations had expired by the time OE issued the Final Determination Letter.

The audit resolution process can only be described as chaotic, standardless, and lengthy. The presently established procedures for resolving audit findings do not work. The Department of Health, Education and Welfare must design new procedures, with firm deadlines for each stage of the process and with uniform interpretations. Title II, Section 153 of Congresswoman Shirley Chisholm's Amendments to Title I (H.R. 9968) would be of great assistance in improving the audit resolution process.

Sincerely,

Phyllis McClure

(Ms.) Phyllis McClure

PMc/mec
Attachment

cc: Congressman Dale Kildee
Mr. Phillip Kropatkin

ATTACHMENT

Excerpt From Pollen Report
on the Audit Resolution Process (pages 39-43)

Relationships Between Certain Areas of Responsibility in HEWAA and OE Are Strained and Said to be Getting Worse

A considerable number of those interviewed at both HEWAA and OE expressed concern for what they termed a strained, acerbic, and deteriorating relationship between the two organizations.

The situation appears to be based almost entirely on the problems associated with Title I, ESEA. Relationships between those in OE and HEWAA concerned with postsecondary education, on the other hand, were observed to be in much better shape.

Title I Staff Believe HEWAA Audit Reports Contain Disabilities Which Handicap Their Usefulness

A preliminary count made by the Lawyers Committee for Civil Rights Under Law shows a total of 136 Title I initial or followup audits performed by the HEW Audit Agency (131) and the General Accounting Office (5) between 1965, when Title I, ESEA, was enacted, and the close of FY 74. (OE/Title I records show only 106 audit reports received during this period.) Chart I, following this page, shows the distribution of audit reports by calendar year issued by HEWAA or GAO.

Title I is a State program: the Federal Government awards proportionate dollar grants to the respective States based on a State application and a formula identifying numbers of disadvantaged children to be served. The SEA in turn awards the funds to local education agencies after approving detailed plans developed by the respective LEAs for the expenditure of those funds, in keeping with relevant Federal and State law and regulation. All SEAs in the country participate, and most of the 17,000 local school districts in the United States as well.

All State Education Agency Title I offices have been audited at least once, and over the years a sampling of LEAs has been audited in all but one State. Monetary exceptions have been found by auditors in at least two-thirds of the cases, and one or more management improvements in the SEA or LEA organization have been recommended in virtually every case.

Office of Education Title I staff claim a number of deficiencies in HEWAA audit reports; they take issue, also, with some basic assumptions underlying the conduct of the audit process itself:

(1) HEWAA's annual audit plan calls for planning input from OE, but in the final analysis the audit plan appears to be almost wholly a matter of HEWAA discretion.

(2) The small number of LEAs sampled raises questions both about HEWAA sampling techniques and the principle of equity in the selection of LEAs to be audited or re-audited.

(3) Documentation by HEWAA of specific audit findings in numbers of reports is only marginally able to provide the basis for effective pursuit by OE program or legal staff.

(4) HEWAA findings frequently cover periods reaching back into the earlier history of Title I, when progress at SEA and LEA levels were still being developed, when guidelines at all levels were incomplete or inconclusive; staff and records involved in those developmental periods now are no longer within reach; therefore the audit in many cases has been made too long after the fact to justify pursuit at this late date.

(5) HEWAA is not sufficiently aware of the annual program review conducted at each SEA (and selected LEAs) by Title I staff in which HEWAA report recommendations may be noted and reinforced.

(6) On certain major issues, SEAs claim consistently that Federal regulations and guidelines were not, and to some degree still are not, clear and unequivocal, and that these issues represent areas of professional judgment in which SEAs and LEAs are more qualified than Federal auditors to make judgments as to the propriety of certain expenditures; OE staff often concur, reflecting this agreement by reducing or eliminating certain exceptions taken by the auditors.

(7) HEWAA has little business moving away from examination of traditional issues of fiscal accountability, i.e. the propriety of fiscal transactions, toward the examination of program effectiveness.

There is merit in some of the complaints registered by OE/Title I staff. Others, at the least, are debatable.

HEWAA Lists a Set of Basic Reasons for Unhappiness with Title I Performance

With respect to Title I, it is the view of HEWAA staff that:

(1) OE/Title I managers only rarely will communicate analyses, operating or philosophical principles, or comments on audit reports, i.e. provide feedback, to HEWAA to assist the auditors in improving the quality of audits and enhance HEWAA's understanding of OE's interpretations of OE regulations and guidelines.

(2) OE/Title I continues to oppose efforts to recover dollars from auditees even in those cases in which HEWAA is firmly convinced that a case has been made; in numbers of in-

stances OE appears to negotiate away recoverable Title I dollars without apparent rhyme or reason.

(3) With respect to Audit Agency findings, OE/Title I staff and managers behave in an inconsistent fashion, i.e. will take contradictory stands at various points in the audit resolution process; further, Title I staff will not necessarily maintain a consistent position on a given issue over time at the same organizational level; in short, HEWAA is almost never certain of OE's stance on any given issue in any given audit.

(4) OE/Title I staff will not accept the fact that many of HEWAA's lead auditors have been working with the Title I program as long as the program has been in existence, and that these auditors are as well qualified as anyone to make judgments regarding both fiscal and program elements in Title I administration at Federal, State, and local levels.

(5) OE/Title I staff do not accept the fact that HEWAA has a charter and a responsibility to examine Title I program operations more broadly then in terms only of narrow fiscal accountability.

(6) OE/Title I has been extremely dilatory in implementing the DHEW-wide prerelease procedure, indicating a substantial lack of concern on the part of OE for complying with proper Departmental audit-handling procedures.

(7) OE/Title I has been slow to followup on, if not indifferent to, the implementation of HEWAA-recommended management improvements in SEAs and LEAs; reaudit of SEAs by HEWAA shows little recognition of the merit of HEWAA recommendations by OE staff, and little effort by OE staff to see to it that recommended improvements are implemented by auditees.

(8) OE has neglected to capitalize on audit reports to improve its own legislation, regulations, and administrative practices on the basis of which its own programs are operated.

From the perspective of HEWAA, there is no reason to think these views are not correct.

Taken together, the concerns expressed by HEWAA and OE/Title I reflect some fundamental differences and difficulties. These require, at the least, better communication; and for some, definite corrective action.

Mr. KILDEE. As I have no further questions, I will defer to Mr. Buchanan.

Mr. BUCHANAN. Mr. Chairman, thank you for your patience. I have just a few things.

First of all, Ms. McClure, there has indeed been concern about OE's audit resolution process. The most recent study covering audits, including those between 1973 and 1976, concluded that the blatant abuse of funds has virtually disappeared. I wonder if there remains a sufficient level of abuse to require the revision of procedures?

Ms. MCCLURE. That is good question, Congressman. There is no doubt that we are today in Title I in an entirely different period than we were in 1965 to 1970. The gross, over waste of money is not, as far as I know, present today. That is not to say, on the other hand, that everyone is in perfect compliance. If they were, Mrs. Chisholm would not need these amendments. It is almost comparable to saying if everyone told the truth, we would need no penalties in the Federal code for perjury.

Yes, there are plenty of compliance problems left. The auditing hearing board in the Office of Education continues to take appeals on substantial audit exceptions. Final determination letters do go out, although we have a lot of problems with the watering down of the amount which those final letters require.

But, you know, Congressman Buchanan, it seems to me that you would know this picture better, you would know exactly what the facts were as to compliance if the Office of Education submitted to you an annual enforcement report that says, "Some audits were conducted, the amounts of the audit exceptions, the amounts of the final determinations and spelled that out State by State." If you had that every year, you would know what the picture was. You would not have to rely on NIE, me or the Lawyers' Committee or anyone to come and advise you of what the facts are. The earlier figures I quoted about the 136 audit reports are cited in HEW's own report, but it was not their work, it was work done by the lawyers committee because, do you know, the Office of Education does not have a complete list of all the audits, the audit exceptions and everything?

So we are saying require them to submit that information to you so you will know what the facts are.

Mr. BUCHANAN. Mr. Pelavin, during earlier years of Title I summer programs, they got the reputation of being more recreational than educational. Is this still true of Title I summer programs?

Mr. PELAVIN. No, it is not. Recently we conducted a survey in a number of States where this past summer we visited summer programs and we found somewhat to our surprise that almost without exception they were all oriented to the teaching of basic skills. As a matter of fact, in many districts the concentration of instruction was greater than it was during the normal school year.

Mr. BUCHANAN. Title I summer programs have also had a reputation for including few Title I eligible students and many non-Title I students. Is this still true?

Mr. PELAVIN. Again, the answer is no, it is not. The same survey this past summer showed that most summer school programs were being filled almost exclusively by Title I eligible students. As a matter of fact, we visited some districts where there were so many Title I eligible students trying to get in that they had to be told, "Wait until next year." The anticipated enrollment of Title I students is now much greater than the districts had projected.

Mr. BUCHANAN. Can you tell us anything about the relative cost of Title I summer programs and the regular year Title I programs?

Mr. PELAVIN. Yes, I can. Based on our recent survey of a number of States, we found that the average cost of a 6-week program where services were provided three hours a day during the summer was about $150 per student. If you compare that to a $350 figure for the cost of a school year program and based on NIE figures, those children were getting about 5.5 hours of instruction per week. If you do some calculations, you come out with an hourly cost for summer programs which is less expensive than an hourly cost for school year programs.

Mrs. Chisholm's bill provides money that could be used to develop models of Title I programs for the intermediate and secondary grades. Very little Title I money reaches these grades and I wonder if the models would serve a useful purpose or not.

Do you have any comment on that aspect of the Chisholm bill?

Mr. PELAVIN. I think it is very important to focus attention on copensatory education in the secondary grades. The development of models would begin to focus such attention. It would demonstrate that assistance can be given to older children and that that assistance can be efective. I think there was a time when people thought if you didn't catch them early, they were lost forever.

The State of California has had some demonstration programs for disadvantaged children in junior high schools. Because of the success of some of those programs, other junior high schools have now started compensatory education programs in junior high. I think the sme thing can be true on a national level. The models can serve a an inspiration.

Mr. BUCHANAN. Is the present system of evaluation one that will bring some effects to the local Title I projects staff and, if not, do you have any suggestions for changing Title I evaluation prodedures?

Mr. PELAVIN. I know that the Office of Education is going to be submitting regulations governing evluation shortly. I have spoken to them about how they could better focus their models to highlight what goes on in the summer. I think that you have to begin following children for more than just one school year. What really counts is how the child is improving in the long run over a number of years. That means that you have to keep on looking at a child's progress each fall, comparing where he is at based on some of the data we have come up with. It is possible that a child could be tested in the spring and do so well that he would not be eligible for Title I program the next fall.

But if that child were tested the next fall, his loss of achievement would be so great that he would again be eligible. I think you have to be very careful when the eligibility is determined, when the evaluation requirements say the children should be tested and you have to be very careful to keep on following them for a number of years, making sure that the increases are kept, making sure that the academic future of the child has really been affected.

Mr. **Buchanan**. Has your work with summer programs suggested any ways in which the summer programs either are or should be different than Title I projects during the regular school year?

Mr. **Pelavin**. I think the summer presents many opportunities for doing exciting and innovative things which the school year does not present. You are not quite as bound by the traditional 9 to 3 day and you are not quite as bound by the classroom. However, it is very important to coordinate the summer program with the school year program. It is very important that the summer program reinforce the gains of the school year. To that end, I would suggest that in approving of applications for funds for summer programs, that the SEA's look very carefully at the coordination of the two programs.

Mr. **Buchanan**. Do you have any suggestions to make as to changes in the law or the guidelines in this area?

Mr. **Pelavin**. Yes. The Educational Policy Research Center has written a short paper on improving compensatory education, with suggested changes in the SEA title I. It addresses that. I would be glad to submit it for the record.

Mr. **Buchanan**. Very good.

Mr. Chairman, I hope we can obtain that for the record.

Mr. **Kildee**. We appreciate that. It will be made part of the record.

[The information referred to not supplied.]

Mr. **Buchanan**. I want to thank the witnesses and you, Mr. Chairman, for your patience. You have made a very valuable contribution and we appreciate it.

Mr. **Kildee**. Thank you very much for your valuable questions, Mr. Buchanan. I have learned to expect those from you.

I want to thank you witnesses, also. It has been very helpful.

We will stand in recess until tomorrow morning at 9:30.

[Whereupon, at 12:17 p.m. the subcommittee recessed, to reconvene at 9:30 a.m., Wednesday, November 9, 1977.]

PART 19: TITLE I—FUNDS ALLOCATION, THE ESEA AMENDMENTS OF 1977

WEDNESDAY, NOVEMBER 9, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Kildee, Quie, and Buchanan.

Staff present: John F. Jennings, majority counsel; Christopher Cross, minority staff director; and Nancy L. Kober, staff assistant.

Chairman Perkins. The Subcommittee on Elementary, Secondary, and Vocational Education is continuing hearings this week on the issue of funds allocation under title I of the Elementary and Secondary Education Act. Today we will be hearing testimony on two studies mandated in the Education Amendments of 1974 for the purpose of improving the counts of poor children used in title I formula.

The first study, mandated in section 822 of the 1974 amendments, is referred to as the survey of income and education and seeks to update the counts of school-age children living in poverty. The second study, mandated in section 823, examines ways in which the measure of poverty may be more accurately or currently developed.

Today we have with us representatives of the Department of Health, Education, and Welfare, accompanied by representatives of the Census Bureau, to report on these studies. We also have a distinguished panel of State superintendents and their representatives to comment on these studies.

I would like to point out for the benefit of the members that the 1974 law mandating these studies precludes the use of the updated poverty information resulting from the first study I mentioned, unless Congress positively mandates the use of that data in the law. Therefore, the hearing today is very important in order for us to hear testimony on the accuracy of this data and to make the best informed judgment we can on whether to mandate its use.

We have with us this morning a panel, Dr. Michael O'Keefe, Deputy Assistant Secretary for Planning and Evaluation, Department of HEW, and Dr. Joel Berke, Deputy Assistant Secretary for Education, Policy Development. Then we have Dr. Wayne Teague, the State Superintendent of the Alabama State Department of Education; Dr. Thomas Todd, State Superintendent, South Dakota Department of Education; Dr. Anne Campbell, State Superintendent, Nebraska Department of Education, and Mr. Robert Berlam, Executive Assistant to the Commissioner, Rhode Island Department of Education.

Dr. O'Keefe and Dr. Berke, we will hear from you first.

STATEMENTS OF DR. MICHAEL O'KEEFE, DEPUTY ASSISTANT SECRETARY FOR PLANNING AND EVALUATION/EDUCATION, DEPARTMENT OF HEALTH, EDUCATION AND WELFARE AND DR. JOEL BERKE, DEPUTY ASSISTANT SECRETARY FOR EDUCATION, POLICY DEVELOPMENT, ACCOMPANIED BY: BETTE S. MAHONEY, DIRECTOR OF THE DIVISION OF STATISTICAL METHODOLOGY, OFFICE OF THE ASSISTANT SECRETARY OF PLANNING AND EVALUATION AND CHAIRMAN OF THE POVERTY STUDIES TASK FORCE; ROGER HERRIOT, CHIEF, FAMILY AND INDIVIDUAL INCOME STATISTICS BRANCH, POPULATION DIVISION, BUREAU OF THE CENSUS; HAROLD NISSELSON, ASSISTANT DIRECTOR FOR STATISTICAL STANDARDS AND METHODOLOGY, BUREAU OF THE CENSUS, AND ABDUL KAHN, BUREAU OF THE CENSUS

Dr. O'KEEFE. Thank you, Mr. Chairman.

I am Michael O'Keefe of the Department of HEW. To my right is Joel Berke whom the chairman just introduced.

To my left is Bette Mahoney, Director of the Division of Statistical Methodology. She co-chaired the Policy Studies Task Force.

Chairman PERKINS. Without objection your prepared statements, Dr. O'Keefe and Dr. Berke, will be inserted in the record and you can summarize your statements in any way you prefer.

[The statements of Dr. O'Keefe and Dr. Berke follow:]

FOR RELEASE UPON DELIVERY

STATEMENT BY
DR. MICHAEL O'KEEFE
DEPUTY ASSISTANT SECRETARY FOR PLANNING AND
EVALUATION/EDUCATION
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Before the

SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL
EDUCATION
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

November 9, 1977

Title I of the Elementary and Secondary Education Act provides federal aid for educationally deprived children enrolled in public and private schools and institutions for neglected and delinquent children. The principal objective of Title I is "to provide financial assistance...to local educational agencies serving areas with concentrations of children from low-income families to expand and improve their educational programs...." Since its enactment in 1965, Title I has been by far the largest program of federal aid for the nation's elementary and secondary schools. In 1976-77, Title I aid totalled approximately $2 billion, of which $1.7 billion was allocated to local educational agencies.

Title I aid to local educational agencies is allocated directly to the more than 3,000 counties throughout the nation according to a formula in which the number of eligible children in each county is multiplied by the average cost of educating each pupil in the state. The number of eligible children is made up of the number of children aged 5 to 17 who: (1) live in families with money incomes below the poverty line, (2) live in families receiving AFDC benefits giving them incomes above the poverty line, or (3) live in publicly-supported foster homes and local institutions for neglected and delinquent children. The most recent annual data are used to provide the last two counts, but the number of children aged 5 to 17 from impoverished families is based on the Federal government's official statistical definition of poverty (also known as the Orshansky poverty index, Social Security Administration (SSA) poverty definition, the Census Bureau poverty lines, etc.)

and are based on the 1970 Census of Population.

Although the Education Amendments of 1974 mandated a new formula to be used in allocating Title I funds, there was sufficient concern both with the poverty element in the formula and with the reliability of population estimates based on 1970 information to also mandate: (1) a study of the "manner in which the relative measure of poverty for use in the financial assistance program authorized by Title I of the Elementary and Secondary Education Act of 1965 may be more accurately and currently developed"; (2) a survey which would "furnish current data for each State with respect to the total number of [poor] school-age children in each State"; (3) a study of the "feasibility of updating the number of children...in school districts of local educational agencies in order to make adjustments in the amounts of the grants for which local educational agencies within a State are eligible"; and (4) an analysis of the "accuracy and the potential utility" of the data for making adjustments in the amounts paid to each State.

Because the implications of a changed poverty definition and the usefulness of statistical information at the State level on income and poverty are greater than just the Title I program, the mandates were interpreted broadly to include the implications of a changed poverty definition for the poverty-related programs of all affected Federal departments and agencies; and to assure that information would be included in the Survey which would increase the usefulness of the data for other purposes.

Both the studies and survey were done with broad interagency and interdepartmental participation.

The four studies which have been prepared in response to the mandate of Sections 822 and 823 of the Education amendments of 1974 include: (1) A study of The Measure of Poverty which examines ways of improving the accuracy and currency of the present measure of poverty used in the formula that allocates funds authorized by Title I of the Act; (2) Preliminary estimates from the Survey of Income and Education (SIE) for 1975 of the total number of school-age children 5 to 17 years of age living in families below the poverty level; (3) A report of the evaluation of the survey and assessment of the accuracy of the survey estimates; and (4) A study Counting School-Age Children in Poverty, which describes possible use of the survey results in updating the allocations to school districts. The first two studies have been submitted to the Congress and I will be reporting to you on them. The last two studies are not yet complete and I can only give you a preliminary report of their conclusions. We do not now have a Departmental recommendation either on an alternative measure of poverty to be used in the formula or on the use of the SIE results in updating the allocations to school districts. I will discuss some of the alternatives.

The current measure of poverty used in the allocation formula was originally developed by Mollie Orshansky of the Social Security Administration in 1964, and was, with revisions, officially adopted in 1969 by the Office of Management and Budget as the Federal Government's official statistical measure of poverty. The measure is built around the Department of Agriculture's economy food plan of 1961 and the national average ratio of family food expenditures to total family after-tax income as measured in the 1955 Household Food Consumption Survey. It consists of 124 separate poverty cutoffs differentiating families by size, number of children, age and sex of head, and farm or nonfarm residence. The cutoffs are updated annually by changes in the Consumer Price Index. The weighted average poverty cutoff for a nonfarm family of four in 1976 is $5,786. According to the Census Bureau's report based on the March 1977 Current Population Survey, in 1976 there were approximately 25 million persons, or 12 percent of the population, poor by this definition.

The Measure of Poverty reviews various topics. Conclusions from the discussion are:

1. Measures of poverty used for national policy purposes require fundamental social, political, and ethical judgments which should reflect varying beliefs about the proper norms or standards which should be adopted, a well-conceived purpose and implicit government policy to redistribute income or assist those below the poverty line, and the necessity for periodically reviewing any poverty measure.
2. The official measure of poverty has a number of limitations, some of which stem from the fact that there are no commonly accepted standards of need, other than for food; even the Department of Agriculture's measure of this standard is approximate. A multiplier which reflects the average ratio of income to food consumption is used as only a rough measure of nonfood requirements.
3. Various proposals have been made to change the official poverty measure. The most commonly discussed include: revising it by using more current data; simplifying it by removing the distinctions for farm residence, sex

of head, or presence of children; making year-to-year changes through a price index specially weighted to poor persons; adjusting the definition of income for assets, taxes, and home-produced goods and services; and measuring the effect of the subsidy programs which are now more available to the poor than they were when the measure was derived.

4. There may be cost-of-living differences between regions, and among urban, suburban, and rural areas, but the extent and nature of these differences is difficult to identify accurately. Existing sources of data which are both accurate at the state and local level and available on a timely basis cannot provide a reliable proxy measure of poverty. Because cost-of-living differences across areas are not satisfactorily measured by existing data and because there is no agreement on the methodology for making such an adjustment, no geographic adjustment in the poverty threshold is made in the report.

5. The development of a poverty definition based on a fully specified market basket of goods and services could provide a basis for varying the thresholds to account for differences in need due to variation in family size or composition. Alternative equivalence scales are examined in the report, but there is disagreement about their validity and in some cases they are quite arbitrary in their construction. Similarly, there are no generally accepted techniques for adjusting poverty cutoffs for other demographic characteristics such as health status or occupation.

Several findings related to changing the definition of poverty are:

1. Commonly proposed changes in the definition of poverty would raise the poverty cutoffs and increase the number of persons who would be counted as poor. However, there have also been a number of criticisms of the way in which the poor are

counted, which, if valid, suggest that some persons are counted as poor who should not be. Commonly proposed alterations in the definition vary from a revision of the current definition on the basis of more recent family consumption patterns to such entirely different approaches as specifying poverty in terms of some percentage of median income. Changes which lower the poverty count, if the present poverty measure were not changed, include counting noncash subsidies like food stamps as income and imputing income value to wealth when it does not generate interest, dividends, or rental income.

2. Increasing the poverty income cutoffs results not only in more persons and families being counted as "poor," but also in a significantly different composition of the poor population. Increasing the poverty line results in a poverty population with proportionately more whites than at present, more working poor, an increased proportion of families with a male rather than a female head, slightly higher concentrations of the elderly, and slightly lower concentrations of children. It also causes a relative shift in the proportionate share of the poor population from the Southern to other states and from less populated to more populated states.

3. Under the official poverty measurement system (when backdated by the Consumer Price Index), the number of poor families was reduced from 18.5 percent in 1959 to 9.7 percent during 1976. Revising the official poverty line on the basis of current nutrition standards, food plans, food prices, and a higher multiplier reflecting more recent overall consumption data would raise the poverty line in real terms and lessen the amount of progress shown in reducing the extent of poverty. A poverty line based on 50 percent of national median family income would consistently show about 19 percent of all families as poor over the past seventeen years, although at ever higher real income levels.

4. In-kind benefits from government and private sources have grown sharply during the past decade. Empirical evidence for 1974 and several earlier years indicates that, if food stamps were included as income and if the poverty thresholds were not changed, about 5 to 15 percent of the poor (depending on the method of valuation used) would no longer be counted as poor. Inclusion of the value of other in-kind subsidies such as housing and health insurance would also reduce the number of poor counted by the present measure if the poverty thresholds were not changed. However, if the logic of the existing measure is maintained, the ratio of after-tax income to food expenditures which is used in computing the poverty thresholds might be altered. Although it is difficult to agree on what value of in-kind benefits to include as income, failure to do so excludes some of the fastest growing sources of income in the economy. Addition of unrealized or imputed income from assets (or even addition of stock of assets) to current income will also reduce the count of the poor if the poverty thresholds are not changed.
5. With respect to Title I of the Elementary and Secondary Education Act, other elements of the distribution formula, such as the individual states' per-pupil expenditure rates, the size of their AFDC populations, the "hold-harmless" provision, and the failure to update the count of children in poverty between the decennial Censuses, also have a significant effect on the proportionate share of funds which each state receives. If the funds were distributed solely on the basis of the number of poor children, the distributional effects would be much sharper than those produced by any reasonable change in the poverty thresholds using the current formula of allocation of Title I funds.

The Measure of Poverty does not recommend any particular changes in poverty measurement or concept. It shows that there are many alternatives possible, each with its own advantages and disadvantages. Unfortunately, many of the more conceptually desirable changes are among the most difficult to implement. There are options that would increase the poverty count; there are equally valid changes that would reduce it. It can be concluded that any poverty definition may be subject to valid criticism, and that any definition is inherently value laden.

The Survey of Income and Education (SIE) was undertaken in such a manner that it would yield estimates of the number of children in poverty with approximately the same statistical reliability (in percentage terms) for each State. Approximately 190,000 housing units were selected for the SIE sample and were spread through every State in the Union and the District of Columbia. Interviewers made personal visits to the sample households. Interviews were conducted with a responsible adult in the household and lasted approximately 45 minutes. As required, personal callbacks were made in instances where the initial respondent could not provide the necessary information. Approximately 50 percent of the interviews were completed by the end of May and 95 percent by the end of June. The remainder, including the conversion of a number of households that initially refused to be interviewed, were completed in July. The final response rate for the approximately 160,000 occupied households was 95.4 percent.

Findings based on the SIE indicate some significant changes in the geographic distribution in the number of children in poverty since 1970. During this period it appears that children in poverty have become somewhat less concentrated in the South and lower income States, while the more industrialized and higher income States have tended to increase their relative share. Among the factors contributing to this change is a significant reduction in the incidence of poverty in States which had high poverty rates in the 1970 census. Thus, although there are still significant differences, the incidence of poverty among children has tended to become relatively more uniform by State.

Because of changes in the geographic redistribution of poor children as measured by the SIE, the use of 1975 SIE data for 1970 Census data in the current formula would have a considerable impact on the allocation of Title I funds. The allocation of Title I funds was calculated both ways for fiscal year 1977 as an example, although hold-harmless provisions were not applied. Generally speaking, the amounts going to the large industrial States in the North and West would be increased considerably whereas most of the southern States would receive reductions. The nine States in the Northeast region now receive $380 million in Title I funds. The allotment to these States would increase to $417 million if the allocations were based on the SIE estimates. All but one of the States in this region would receive increased allotments. The sole exception is Rhode Island which would lose about $1 million or 12 percent of the current allotment. The major gainer in this region would be New Jersey, which would have its allotment increased by $14 million, an increase of 32 percent. The largest percentage gainer, however, would be Vermont with an increased allotment of $2 million equaling a 48-percent increase in their allotment.

The 12 States in the North Central region currently receive about $363 million entitlement allotments. The use of the SIE estimates would increase their allotments to about $400 million, an overall increase of about 10 percent. There is a mix of losers and gainers within this region, with all of the States in the East-North Central division gaining money and those in the West-North Central losing money. The major gainers are the States of Illinois and Michigan. Their allotments increase by $27 million and $14 million, respectively. The losses in Title I allocations in the West-North Central division tend to be in the range of $1 million to $3 million; however, the percentage reduction for North Dakota and Kansas is about 34 percent of their current allotment.

The western region's share of Title I funds would increase by about $17 million, 7 percent, if the census estimates were replaced by the survey estimates. Within this region seven States would lose some funds and only five would gain, with Hawaii getting essentially the same amount. In terms of absolute amounts, California would gain the most with its allotment being increased by $17 million or about 12 percent. The largest percentage gainer, however, is Nevada, which would have its allotment increased by about 54 percent. Among those States within this region which would lose Title I funds, Alaska and Oregon would have their allotment reduced by about 23 percent and 17 percent, respectively.

The gains for the above regions are correspondingly offset by losses of Title I allotments throughout the South. The use of the survey estimates would result in a net reduction of Title I funds going to southern States of about $89 million or 13 percent of their current allotment. Of the 17 States in the Southern region, 16 would lose Title I funds--the exception being Florida, which would have an increase of $19 million. The States within this region which would have the largest reductions in absolute terms are Alabama--$22 million, Louisiana--$14 million, and North Carolina--$11 million. The major percentage reductions are Alabama--48 percent, the District of Columbia--31 percent, and the States of West Virginia, Arkansas, and Louisiana, which would lose between 25 and 30 percent.

The Assessment of the Accuracy of the Survey of Income and Education will report on the evaluation of the survey and the assessment of the accuracy of the survey estimates. The accuracy of the survey estimates is assessed from two perspectives: the degree of statistical reliability provided by the size and design of the SIE sample; and the comparability of the SIE results with the results of other surveys directly related to the SIE as well as independent of it.

Two types of errors occur in any survey: those that result from the random variability or sampling error when a survey is used in place of a census; and, those that result from other systematic or random errors in the survey process. The sampling error of the SIE estimates of children age 5-17 in poverty families by State appears to be small, particularly in comparison to the changes in the numbers since 1970 as measured by the SIE.

Although an important limitation on the accuracy of survey data, sampling error does not constitute the sole source of error in sample surveys. Independent surveys designed to measure the same quantities often obtain estimates differing by amounts that cannot be reasonably attributed to sampling error alone. When measuring income and poverty, non-sampling errors are often larger than sampling errors of the surveys from which data is compiled. In order to assess the non-sampling errors in the SIE, comparisons were made to independent estimates of the survey variables.

A reinterview of approximately 8,500 households in the original SIE sample was designed to obtain a direct measurement of systematic error in the SIE, if such existed. The reinterview provided no firm statistical evidence that any particular region of the country was systematically treated differently. In addition, a mathematical model, which abstracts from the survey estimates for States the pattern of change in poverty relative to independent economic data, showed that the changes measured by the SIE are related to changes in other independent data.

The evaluation supports the assumption that the Survey of Income and Education provides estimates that suitably reflect the general nature of change since 1970 in the distribution of poverty among States. Furthermore, there is no evidence of deliberate bias in the survey process. Although non-sampling errors affect the State estimates, their average magnitude remains small relative to the real changes that have been measured.

STATEMENT BY
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(POLICY DEVELOPMENT)-DESIGNATE
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Before the

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

My colleagues have described two activities recently carried out under Congressional mandate, the review that was made of the poverty concept and the survey of income and education. I shall direct my attention to the attempts that were made, as part of the overall study, to develop methods for estimating the number of poor children for states and substate areas. I shall also briefly discuss the implications of these studies for the funds allocations procedures under Title I, ESEA. A more detailed discussion of estimating procedures will appear in the report, Counting School-Age Children in Poverty, which is in preparation. This report describes a number of different approaches to estimating the number of poor children for states, counties, and school districts.

1. Methods of generating state estimates of poor children

   At the state level a number of methods for estimating children in poverty were studied, two of which merit our attention today. In addition to the SIE previously described, the Bureau of Census also developed a regression method based on the assumption that changes in the incidence of poverty, as measured by the Current Population Survey, are related to changes in the independent estimates of average income for each state. Also, the Bureau of Economic Analysis of the Department of Commerce experimented with a method of estimating the current number of poor children by projecting state income distributions from 1969 to 1975 based on changes in per capita income and then estimating the number of poor children from the adjusted distributions.

All three sets of data show that there was a substantial geographic redistribution of poor children between 1969 and 1975. They show that proportionally more of the nation's total number of poor children now reside in the large industrial states of the North and West then was the case in the time of the last Census. Despite the similarity of trends, however, there are considerable differences among the estimates for individual states. The largest of these differences is in Alabama where the SIE shows 136,000 poor children as compared with 260,000 using the BEA method and 226,000 using the Census regression method. According to SIE, only 2 percent of the nation's poor children resided in this state in 1975. Both the Census regression model and the BEA model place this estimate at 3 percent. Large differences were also found in several other states including Illinois, Michigan, and North Carolina.

The ultimate purpose of this study was to measure the impact of the updated estimates of poor children on the allocation of Title I funds. A simulation technique that was applied to the allocations for FY 1977 showed that, if allocations had been made at the state level only, the direction of change in the allocations would have been quite similar. However, the exact increase or decrease would substantially differ depending on the method used. Alabama, for example, would have received $24 million if the SIE estimates were used, but $41 million if the BEA estimates were used. There were several other states with similarly large differences.

2. Methods of generating county estimates

In the study, Counting School-Age Children in Poverty, several methods were developed for estimating the number of poor children by county for 1975. Two methods are particularly relevant for our purposes today. The first is an allocation procedure developed by the Bureau of Economic Analysis and the second is a demographic economic composit (DEC) method developed by the Institute for Policy Analysis. The BEA method was used to generate current estimates of children in poverty for all the counties for 1975. The DEC method was more recently developed and has so far been applied to only 10 percent of the counties nationwide and to a total of five states. The five states are Alabama, Illinois, Pennsylvania, South Carolina, and Wyoming. They were selected in order to represent important differences among states in size, regional location, and economic base. Since the SIE sample is too small to provide county estimates, there is no way to validate the county data provided by either procedure. A comparison of the BEA and the SIE estimates for the metropolitan parts of each state shows, however, that there are wide discrepancies between these estimates even when counties are grouped according to metropolitan status within each state.

A similar comparison that was made between the DEC and the SIE estimates for five states revealed generally smaller, but nonetheless significant, discrepancies. The following table compares the two methods with the SIE.

County Estimates of Children in Poverty
Adjusted by SIE state totals, 1975

(In thousands)

	Metropolitan counties				Non-metropolitan counties		
	SIE	BEA	DEC		SIE	BEA	DEC
Alabama	64.0	57.1	55.8		72.0	78.9	80.2
Illinois	347.0	252.9	322.9		42.0	136.1	66.1
Pennsyl.	266.0	250.0	256.7		64.0	79.0	72.3
S. Carol	44.0	53.1	54.8		121.0	112.9	111.2
Wyoming	-	-	-		8.0	19.8	8.0
Total	721.0	613.1	690.2		307.0	426.7	337.8
Comparison with SIE (SIE=100)	100	(85)	(96)		(100)	(139)	(110)

3. Methods of generating school district estimates of poor children

At present the majority of the states use an AFDC count, alone or in combination with other factors, to distribute Title I allocations among the school districts in each county. Twenty-four states use a formula that includes 1970 Census poverty counts and two-thirds of the count of AFDC children aged 5 to 17 in families that receive payments in excess of the current poverty level. California uses the preceding year's AFDC count alone for this purpose. Some states, such as Indiana, Arizona, and Washington, use the 1970 Census poverty counts alone. Iowa uses state income tax data in conjunction with AFDC counts, and Tennessee uses average daily attendance. We know of no statewide effort to update the 1970 Census poverty counts using any of the methods described in the preceding sections of this report or using any other methods.

If allocations were to be made directly to school districts, the Census Bureau's georeference file might be used to convert 1970 Census data for counties to poverty estimates for school districts. These estimates would, of course, all be out of date and would be subject to the same defects as the poverty counts for counties which are currently in use.

An alternative to the use of 1970 Census data mapped into school districts would be the use of proxies either to update the Census estimates by school district or in place of those estimates. Attempts to update the 1970 Census data by school districts have been made on a selective basis. For the 89 school districts serving large cities the 1970 Census estimates have been updated by using changes in AFDC counts and school enrollments. This procedure did not produce satisfactory results. Evidently the AFDC count alone is not a good indicator of poverty shifts because of the volatility of the AFDC program requirements and their variations among individual counties. Regression models based on 1970 data also proved unsatisfactory, since the relationships are not stable over time.

The possibility of using data from subsidized school lunch programs offers another alternative for preparing estimates for school districts. Eligibility for this program is determined on the basis of economic need, so that data collected on eligible children would be worth considering as a proxy for poverty counts. We have explored the feasibility of this approach for California, where a new state program promises to provide useful data.

Finally, the poverty count for each school district may be obtained through periodic special surveys of family income such as that recently conducted for the Oakland schools (public and private) by the local authorities for the Office of the Assistant Secretary for Education. This alternative, though relatively costly if carried out on a statewide scale, and certainly freighted with many administrative problems, may, nevertheless, prove to be a reasonable alternative after it has been tested on a larger scale across the country.

Our conclusion is, however, that we are not likely to find a single valid estimating methodology to update the 1970 Census count of poor children by school district that can be used for the school districts in all 50 states.

Summary

The studies that we have just described to you were mandated within the context of Title I, ESEA. I would like next to summarize the implications of the studies for the funds allocations procedures under Title I. The implications fall into three areas: those related to the measure of poverty used in determining the Title I eligible population, those related to the issue of updating state totals for Title I populations, and finally those related to the allocation of Title I funds to sub-state levels.

With regard to the measure of poverty, our studies suggest that the necessary data and methodologies are not available to make the kinds of adjustments to the Title I poverty measure which Congress asked us to explore. The most notable such change would be the adjustment of the poverty measure for geographic differences in the cost of living.

With regard to the interest of the Congress in updating the state totals of the Title I eligible population, such totals are now available to us as a result of the 1975 Survey of Income and Education. They show significant changes in the distribution of the nation's poor children, and if used in making Title I allocations they would produce sizable shifts in current funding patterns. Our evaluation of the SIE procedures and findings has convinced us that the SIE state poverty totals provide a more accurate current picture of the distribution of poverty children than do the state totals based on the 1970 Census and currently used in Title I allocations.

This is, of course, not to say that the SIE state totals are 100 % accurate. Because of cost and time considerations and with concurrence of the Congressional Committee staffs, the sample drawn for the survey was designed to yield a target of 10 percent coefficient of variation for each state. That level of anticipated statistical variation means that for the count of children in poverty for any state, we can have 68 percent confidence that the estimate is within 10 percent of the number that we would get from a full census count, or 95 percent confidence that the estimate is within 20 percent of the census figure. While such level of accuracy is substantial it must be recognized that there is a 50-50 chance that two ro three states may be off by 20 percent or more or that there is one chance in 20 that four or five states may be estimated too low by as much as 20%.

This point brings me to another problem with using the SIE estimates, which is that they are only state totals. Title I requires direct allocation of funds to counties. Several methods of translating the SIE state totals into county estimates of children in poverty have been developed, but the reliability of these methods remains to be tested. Because of the lack of statistical benchmarks for evaluating various county level estimating techniques, we cannot at this time confidently recommend any one technique as the best. My colleagues and I will, however, be happy to discuss specific alternatives on this issue as well as other issues at this time.

Dr. O'KEEFE. Thank you.

Miss Mahoney also is responsible for preparing the formal testimony which I am presenting today.

Also at the table are two representatives of the Bureau of Census. At the second seat to the end of the table is Dr. Harold Nisselson, the Assistant Director for Standards and Methodology at the Bureau, and to his right is Mr. Roger Herriot, Chief, Family and Individual Income Statistics Branch, Population Division, Bureau of the Census.

Dr. Berke will introduce his staff who are accompanying him.

Dr. BERKE. On my right is Dr. Abdul Kahn who is co-chairman of the committee that conducted the studies, and behind me is Mrs. Elizabeth Reisner who has been working with the possible application of these to the Title I formula.

Dr. O'KEEFE. We are here today to discuss the studies prepared in response to Sections 822 and 823 of the Education Amendments of 1974. Four studies have been prepared by the executive branch in response to this legislation. In my introductory remarks I would like to very briefly identify these, describe for you the mechanism which the executive branch has used to carry out these studies and summarize very briefly the principal findings.

These four studies include the survey report itself which was done in 1976, namely, the Survey of Income and Education. This survey was carried out by the Bureau of Census in close collaboration with the office I represent at HEW and the office Dr. Berke represents. The final report was submitted to Congress this past February.

The second study emerging from this request was the assessment of the accuracy of the survey results in the Survey of Income and Education. This assessment is being prepared by the Bureau of the Census in cooperation with HEW.

Thirdly is a study entitled, *The Measure of Poverty.* This is a study of alternative approaches to defining poverty indices which was carried out at HEW through the task force I mentioned a moment ago in close collaboration with the Federal Inter-Agency Committee on Education chaired by the Assistant Secretary for Education. The principal staff work was done in the two offices represented before you today and was co-chaired by Mrs. Mahoney and Dr. Kahn. This report was submitted to Congress in April of 1976.

The fourth study which was undertaken as a result of this mandate is to be entitled, *Counting School Age Children in Poverty* and is an examination of the possible use of the Survey of Income and Education in updating Title I allocations to districts. This is being undertaken principally by the Office of the Assistant Secretary for Education represented by Dr. Berke and will be discussed in detail by him.

Initially, I would like to briefly summarize the major findings of the first three of these studies and allow Dr. Berke to summarize and discuss the fourth.

The *Survey of Income and Education,* as I mentioned, was done in 1976. 190,000 households were selected so as to assure roughly the same level of statistical reliability for each of the States and the

District of Columbia. Forty-five minute interviews were administered. There were phone calls back to those households in which information was missing or to verify additional information required. Ultimately, responses were taken from about 152,000 households.

It is important to note for policy purposes and for your considerations that this survey compares in magnitude with about 47,000 households which are surveyed in the annual Current Population Survey and with some 14 million households which are touched through the decennial census.

Fundamentally, the findings of this survey are shown on the chart to my left and are indicated in the various reports which we have submitted to you. The chart indicates the change in each State's share of the total number of poor children as defined by what is known as the Orshansky measure from 1970 to 1975 using as the 1970 base the Census, and in 1975, the Survey of Income and Education. The details of this chart and of the shifts indicated from 1970 to 1975 are discussed in the formal testimony.

In general they indicate decreases in the number of poverty families counted in the south and in the lower income States. They indicate increases in the industrialized and higher income States. On the map before you, the darkest States indicate increases, the lighter States indicate decreases, with the States which have vertical lines indicating a less than 5 percent change either way.

The second study which was undertaken as a result of the Education Amendments of 1974 was the assessment of the accuracy of the SIE. Dr. Nisselson and his colleague can discuss this in much more detail. In general this study looked at the question of the accuracy of the survey and its comparability with other surveys such as the Census. In general it can be said, first of all, that the SIE is a survey and as such is subject to errors typically associated with surveys which sample a given population.

Two kinds of errors enter into such surveys. First, a sampling error which is generated by the fact that the interviews are not administered to the entire population. Secondly, there are other systematic or random errors which come from the nature of the survey, from the level of experience of the interviewers and from other random factors. Such error can be checked by a reinterview. In the case of SIE, some 8500 households were reinterviewed.

With respect to both of these errors, the SIE survey is quite accurate. Both errors are small. Specifically, the SIE provides State-by-State estimates which are considered accurate within a range of about 9 to 12 percent. Stated slightly more technically, a statistician would say that in two out of three cases the error for a State is likely to be less than 10 percent.

However, it must be admitted that there appear to be some modest anomalies in some of the subregions. These difficulties are being reanalyzed and Dr. Nisselson can comment on them.

It might also be useful in looking at the accuracy of the SIE to compare it and the decennial census simply as surveys. Unfortunately, no simple statement of comparison can be made. The Survey of Income and Education has considerably larger sampling error. This is so simply for the reason that 152,000 households were interviewed in comparison to 14 million in the Census. That introduces some obvious error.

On the other hand, what is known as "reporting error", that is to say, the accuracy of the information which is collected from each family interviewed, is probably less in the Survey of Income and Education than in the census survey. For allocation purposes, from a technical perspective, there is a trade off question here of which type of error one would want to suffer from.

We are prepared to discuss in some detail, if you wish, the specific findings of the third study, the *Measure of Poverty*. In addition, we have some charts to indicate changes that might occur as a result of the use of alterative definitions or alternative indices of poverty. Some brief observations might be made.

One, measures of poverty are not absolute scientific measures, but rather embody substantial social judgments. There is no ultimately perfect measure or definition of poverty. This study examines current definitions and concepts of poverty, looks at alternative ways which have been suggested for constructing such measures and examines the results in terms of counts and allocation of dollars in such programs as Title I.

As I indicated, we can discuss these findings in more detail if the committee so wishes.

At this point I would like to turn to my colleague from the Office of the Assistant Secretary for Education, Dr. Joel Berke, to continue this testimony.

Dr. **Berke**. Mr. Chairman, my responsibility in making the presentation today relates to describing to you our fourth study, counting school age children in poverty and describing some of the implications that these have for the funds allocation procedures under Title I.

The study, "Counting School Age Children" deals with different approaches to estimating the number of poor children for States, counties and school districts. In the first level of aggregation, that is, methods for generating State estimates of poor children, we developed two techniques in addition to the SIE which has been described. These are indirect methods not based upon surveys.

One of them is a regression method based on relating the changes in independent estimates of average income and deriving from those estimates of the incidence of poverty by State. That was a method developed for us by the Census Bureau.

The second approach we are going to talk about today is one that was developed by the Bureau of Economic Analysis of the Department of Commerce and it was another approach to projecting State income distributions based on changes in per capita income and then estimating the number of poor children from those adjusted distributions.

We looked in all at I believe a dozen different approaches. A description of them is, of course, a highly technical matter which we can present if you prefer. But these two methods seem to us the ones that were worth pursuing in some detail and we applied them to the 50 States. We compared them as well to the findings from the SIE.

So what we are looking at is two other methods of deriving State totals along with the SIE.

I think one basic point to be made is that all three sets of data show those substantial geographic redistributions of poor children that Dr. O'Keefe referred to a moment ago. That is, in basic direction these two indirect methods showed roughly the same trends as the SIE counts.

However, and I think this is important, there are considerable differences in the estimates derived by these two different methods and in comparison with SIE. Thus, despite the similarity in overall trends, there are considerable differences in individual States.

The State of Alabama is a very good example of that. Where the SIE estimate came up with 136,000 poor children, the Bureau of Economic Analysis method found that there were 260,000 poor children. The census regression method found 226,000.

Another way of saying that is that SIE found 2 percent of the Nation's poor children in Alabama and the other method found 3 percent. So we find while they agree in basic trend, there are several differences among them for particular States.

Now the ultimate purpose of this study was to measure the impacts of updated estimates of poor children on the allocation of Title I funds. We find that in fact simulations of those distributions would differ markedly among these three methods.

Now the second thing we were asked to do was to apply methods for generating county estimates of Title I children. We tested a variety of methods here also. We will refer only to two of them, Mr. Chairman.

One is a method developed by the Bureau of Economic Analysis and is an allocation procedure based on the current population survey. The second is a method which we call the DEC, the Demographic Economic Composite method. That method actually starts with county estimates from the 1970 census, ages the population, makes judgments about changes in family size, and applies a range of estimating procedures and comes up with totals for counties.

Let me say that, again, we find differences among the methods and in the county case we have nothing to validate them against. We have no accurate county figures at the present time on population of poor people.

I would call your attention to the table on page 4 of my testimony in which we compare these methods for estimating county totals and you can see even in a grouping of metropolitan and nonmetropolitan counties in the five States for which we have done the DEC estimates, you can see on the one hand that there is variation from State to State in the three methods and we have no way of knowing which is more correct than the other, although we can make some judgments.

Mr. QUIE. How do you define correct? What do you mean by correct.

Dr. BERKE. If we had a baseline county estimate, Mr. Quie, we could compare these with the population in poverty in counties. In fact, we have no good estimates, at this time of population in counties except the 1970 census and, of course, there have been shifts since then.

So we look at how close the three methods come together to get some sense of the confidence we can have in them.

Let me just mention that bottom row, if I may. We compare the BEA estimates and the DEC estimate with the SIE estimates, taking 100 as an index for the SIE. You will note in the aggregate in the metropolitan counties the DEC estimate comes pretty close. That is an aggregate figure and 96 is the overall estimate comparison of the DEC figures with those of the SIE.

However, when we look at the individual States in that column we find, for example, in Illinois that the SIE estimates 347,000 cchildren in poverty, the BEA estimate in the metropolitan counties is 252,000 and the DEC estimate is 322,000. If we read across that row, we find in the nonmetropolitan counties an even larger range in variation.

Mr. **Quie**. Could I also interject, in Alabama there is a substantial reduction going to DEC from SIE. In South Carolina there is an even greater increase, I mean just looking at the metropolitan counties. If you took those two States together, they look like they would be pretty accurate because it was 108 on the one side and 110 on the other side. But one of them is a greater than 10 percent increase and the other has a less than 10 percent decrease.

So when you look at things in aggregate, it looks like you are pretty close, but both of them are way off.

Dr. **Berke**. That is precisely the point I was trying to make, also. I agree with you.

Chairman **Perkins**. Go ahead.

Dr. **Berke** The third thing we were asked to do was make estimates for school district level.

To summarize even more briefly than I have heretofore in my testimony, we again tried a variety of techniques. Our basic conclusion is that there is no single valid estimating methodology to update the 1970 census count of poor children by school district that can be used for the school districts in all 50 States. There are a variety of approaches, but there are none which proves out and seems consistently useful across the 50 States or which seems to us a closer estimate than the 1970 census count adjusted in various ways for individual States.

Now what is the relationship of all this to the funds allocation measure? With regard to the measure of poverty, our study suggests that the necessary data and methodologies are not available to make the kinds of adjustments to the Title I poverty measure which Congress asked us to explore. The most notable change would be the geographic differences in the cost of living and we found that unfeasible.

With regard to updating State totals of Title I eligible population, we just described the fact that there are differences among the States. While the substantial overall directions are reasonably clear, there is a 50-50 chance that two or three States may be off by 20 percent or more and there is one chance in 20 that four or five States may be estimated too low by as much as 20 percent under the SIE counts.

Finally, Title I requires direct allocation of funds to counties. Several methods have been developed, but the reliability of these methods remains to be tested. Because of the lack of statistical benchmarks for evaluating various county level techniques, we cannot at this time confidently recommend any one technique as the best.

Mr. Chairman, my colleagues and I will be delighted to take whatever questions you may have.

Chairman **Perkins**. Let me first thank you for making such an outstanding study. To my way of thinking, you have done a great job for the committee and you are to be complimented. I think the results obtained will be most useful to the full committee.

If I understand your testimony correctly, you are saying that the SIE data is accurate in your opinion in showing the change in the number of poor children between 1970 and 1975 as among regions of the country, but that this information is much less accurate as regards individual States?

Dr. **Berke**. That would be my characterization of it. There may be other members of the panel who have different viewpoints.

Chairman **Perkins** Is that your analysis, Dr. O'Keefe, and in particular, did I understand you correctly to say that the confidence level you would attribute to any average State allocation would only be within 20 percent of what it should be if there had been a full census? Is that correct?

Dr. **Berke**. That is correct. Let me expand on that point briefly.

The SIE State totals are not 100 percent accurate. They were designed to reach what statisticians called a 10 percent coefficient variation for each State. I think it is fair to say that that translates into saying that we can have a 68 out of 100 probability that the estimate is within 10 percent of the number we would get from a full census count.

Dr. **O'Keefe**. Could I suggest that Mr. Nisselson from Census might appropriately address that series of questions, Mr. Chairman.

Chairman **Perkins**. Surely.

Mr. **Nisselson**. Mr. Chairman, with regard to the comments that you made about the individual State numbers, it would be our expectation, as we explained in our discussions with the committee staff when arriving at the specifications for the survey before we started, that we expected 34 States would show errors less than 10 percent and about 15 between 10 and 20 percent and about 2 States which would have errors larger than 20 percent. We could not say in advance, nor can we say now which particular States have how much error, but we expect that kind of distribution.

Chairman **Perkins**. Now, Doctor, did I also understand you to say there is a 50-50 chance that two or three States may be off by 20 percent or more and there is one chance in 20 that four or five States may be underestimated by as much as 20 percent?

Dr. **Berke**. That is correct.

Chairman **Perkins**. Could you tell me whether I understand these points that I have asked you about correctly?

Dr. **Berke**. I believe so. I would again like to turn to Dr. Nisselson who is a statistician and can talk to that point. But my understanding of your translation of my testimony is correct.

Chairman **Perkins**. All right, let's go ahead and then we will let the other doctor respond.

Mr. **Quie**. Mr. Chairman, could I just ask one question with regard to the Census itself.

Chairman **Perkins**. Yes.

Mr. **Quie**. Is that correct?

Mr. **Nisselson**. No, sir, it is not 100 percent accurate. But from the point of view of sampling error, it is less subject to sampling error than the current survey.

Mr. **Quie**. I understand the last census ran 10 to 11 percent off in some areas and a lot of it had to do, I assume, with illegal aliens.

Chairman **Perkins**. Well, Dr. Berke, as you pointed out in your statement, the SIE data is limited to State level data and does not go down below the State level to the local school districts or county level. The Department of HEW, though, was required to find some way of trying to distribute increases or decreases among school districts within a State based on the results of the SIE data.

Did I understand your testimony correctly to be to the effect that as of today HEW has not been able to find any one method to recommend for the distribution of funds within the States?

Dr. **Berke**. Mr. Chairman, we have tested a number of approaches, that is, we did attempt to develop ways of applying the SIE and the other estimating techniques to below the State level. In the case of the SIE, we have fairly strong confidence in metropolitan and nonmetropolitan considerations. Below that we have to make estimates that are not based on samples drawn for that purpose.

In terms of the direct methods, we have attempted some of those also because we did want to prepare the report the committee requested, and I think we have. But, again, our confidence in those is considerably limited. There may be another member of the panel who ought to reply to that as well.

Chairman **Perkins**. Thank you very much.

Mr. Quie?

Mr. **Quie**. Thank you, Mr. Chairman.

The concern that we have of going to SIE is that there would be a pretty substantial shift. In order to bring this into focus I would like to use a couple of States. There is a substantial reduction in the number of poor children, for instance, in Kentucky, in which the chairman would be interested, between the 1970 census and the SIE. The number goes from 208,000 down to 170,000. When one looks at the 1960 census over the 1970 census, and, again, using the two columns where the total comes out about the same in the nation, because I recognize you did not have Orshansky in 1960 or 1970, you dropped from 193,000 poor children in 1960 to 120,000 in 1970.

Alabama had the most drastic drop, and I know you are going to be getting into the question of whether or not that was accurate. There was the drop from 272,000 in 1970 in the census to 136,000 in the 1975 SIE. Now using different estimates of poverty, in 1960 Alabama had 242,000 if you used $2,000 and if you then upgraded that to over $3,000 in 1970 to get the comparison Alabama to 151,000.

So while we may be substantially unhappy with the way the SIE would change the distribution of money among States, when we get to 1980, undoubtedly the movement is in the same direction.

My question to you is: Is it better to make a shift every five years even though the SIE is not as accurate as the actual census, or is more inaccurate than the actual census if I can put it that way, or should we wait until 1980 and make our even more drastic change at that time?

Dr. **Berke**. Mr. Quie, I would like it to be recognized that the Department of HEW has not spoken on this issue. We have not a departmental position on that issue.

Dr. O'**Keefe**. It is difficult to predict what would happen in 1980. Clearly, SIE shows some trends, but also very clearly there are differences between the SIE survey and the census survey just in its nature, size and mechanism and the detail of the questions, et cetera, that indicate that if you went from census to SIE and back to census, you would still have substantial shifts in each of those steps.

In other words, SIE may not serve the purpose of smoothing out the transition from the 1970 census to the 1980 census. Recall that this is a fairly temporary problem that we are dealing with in the sense that as of 1985 there will be a mid-decade census as well as the decennial census. That means that in fact we will have census figures starting in the eighties which are collected each five years. If you think through the period of time, then, that we would be applying the SIE, it would probably represent about two actual appropriation years.

So you would be using the '70 and for only two years you would be using SIE and then you would go to the 1980 census basis and have an update every five years. So presumably it would be a 2-year adjustment for that period of time.

Mr. **Quie**. What year do you expect to go to the 1980 census information?

Dr. O'**Keefe**. 1982.

Mr. **Quie**. Because it took us until 1973 before we could go to the 1970 information.

Do you believe you could speed up the use of that information so you could get it a year earlier?

Mr. **Nisselson**. We expect the income data to be available in 1982. There may be a question of time in the cycles of the availability of the data and the time the allocation formulas are worked out. However, the arrangements between the two departments are very close and they would have access to the data before they appeared in the Government Printing Office.

Mr. **Quie**. You are talking about at the county level?

Mr. **Nisselson**. Yes.

Mr. **Quie**. I would like to have you find out how it is going to be possible for you to get 1980 data earlier because our expectation in 1972 was that you would be able to use that information, but you could not. You had to wait until 1973. What was the year that you would begin to use the SIE data, if we were going to go to that?

Dr. **Berke**. It could be used probably by next year if it were to be used.

Mr. **Quie**. Fiscal 1979?

Dr. **Berke**. That seems to be correct.

Mr. **Quie**. So then we are talking about three years that you would be using the SIE if you went into it in 1982. But if you ran up against the same problems as you do using 1970 information, then you will be using it in four years which is pretty close.

Also, let me ask you how you define poverty because we now have the CBO information which dramatically reduced the number of people in poverty down to, if you take pre-tax transfer of payments, 6.7 percent. Should we assume that people are poor only if they get their money from private sources and not from public sources or how would you define poverty as far as the impact on education?

Ms. **Mahoney**. The difference is not public versus private sources. The difference is really between income and cash which is what is counted in the census, and income in kind. Their estimate was a change due to food stamps and medical programs primarily. It was a simulated change, not an actual change. It leaves you with some peculiar notions like those who receive more medical benefits or those who are sicker and therefore the sicker you are, the richer you are.

It also leaves you with some questions about how you want to count that in kind income from food stamps, whether you want to count them as exactly the same as cash, particularly in some cases where recipients might prefer cash which they can spend in a fuller fashion than food stamps.

But clearly there is some subjectivity and some value assessment in any measure of poverty. I think that there is general agreement at the very bottom level and as you move up along a distribution of income, you will in fact find more and more disagreement about whether people are poor.

Mr. **Quie**. In your studies and census information, what do you find out on the likelihood of children 5 to 17 being in a family who are considered in poverty remaining in that state of affairs? How long do children tend to stay there? We know that by the time we have finished using the census information there won't be anybody in school anymore, but I was wondering if all of those people are assumed to continue to be in poverty even if they are not in school?

Ms. **Mahoney**. You can't tell from census information about the length of stay in poverty. In fact, we have used a longitudinal or panel study. It is a very small one. What we have found is that people do move in and out of poverty. Now it is a little hard to judge that because, of course, what we have is a single line and we say one who earns $1 more is not poor and someone who earns $1 less is poor.

Much of the movement in and out is above and below that line. But there is a lot of movement around there, but I don't think that we could accurately, at this point, judge just how many children 5 through 17 and certainly not by State will remain in poverty for how long. We do know that there is a lot of movement.

Mr. **Quie**. Do you have any estimate at all of the percentages or anything like that?

Ms. **Mahoney**. I would have to check.

Mr. **Quie**. Percentages that move out and percentages that move to other States as well.

Ms. **Mahoney**. Perhaps you know. My guess is it's around 20 percent is really very stable, but I would have to check that and we could add that to the record.

Mr. **Quie**. About 20 percent are stable and about 80 percent move out of it ?

Ms. **Mahoney**. But they move back, too.

Mr. **Quie**. I know, others move into it.

Ms. **Mahoney**. But some of the same families move back, so if you have a change in household composition or if you have a change, someone leaves, someone comes in, someone starts to work, drops out of school and starts to work, you may have a change in their poverty status, and that kind of change can recur.

Mr. **Kahn**. The Social Research Center in Michigan has been looking at this problem, Mr. Quie, with regard to some are within the poverty for a considerable period of time, and that is a national estimate, and it is a very small sample, but their indication is a substantial number stays in poverty for a considerable period of time.

Mr. **Quie**. What kind of information do you have on the movement of poor families in and out of school districts?

Mr. **Kahn**. The migration of poor children I think is very, very weak, but Census people have some estimates of migration in and out of counties, but information regarding school districts is very limited. Our own survey in the Oakland school districts in California showed that a considerable number were moving in and out of school districts, and their own records showed that a great number had moved out of the Oakland school districts of the poor.

Mr. **Quie**. Can you have that information so we can put it in the record, so we will at least look at Oakland?

Mr. **Kahn**. Okay.

Mr. **Quie**. And Census will be figuring out whether they have that or not.

Let me ask Dr. O'Keefe, what is the purpose of this legislation, in HEW's mind, to improve the achievement of children in school or to reduce poverty?

Dr. O'**Keefe**. You are speaking to the purpose of Title I?

Mr. **Quie**. Yes, Title I.

Dr. O'**Keefe**. It is clearly a combination of that, as stated in the legislation that is currently being administered.

Mr. **Quie**. How do you view it?

Dr. O'**Keefe**. First of all, as Dr. Berke said a moment ago, the Department and the Administration has not yet formally taken a position on that question. This is obviously a very fundamental question of the nature of the title I program.

It seems to me that one can make an argument in both directions quite simply.

Mr. **Quie**. Okay. To what extent has title I reduced poverty in those families who are counted? I recall Christopher Jenks' book about that.

Dr. **Berke**. Mr. Quie, I am not sure of the data available on the question of the relationship of education to remediating the problems of poverty. I think we are all well aware of the fact that the amount of the investment is relative to the problems that have to be overcome, and that creates real questions about drawing those direct relationships.

Dr. O'KEEFE. The logic of the current program, Mr. Quie, is that those individuals who exist in an environment with large numbers of poverty children and complicating handicaps in terms of their ability to achieve in school require additional educational services. I think that is the fundamental assumption or hypothesis underlying the current title I program is that those individuals who exist in an environment in which there is very little educational stimulation in the home, in the peer environment, have, in fact, need of compensating kinds of services in the schools.

Mr. QUIE. We do have information, do we not, on the improvement in achievement with the use of title I funds?

Dr. O'KEEFE. Yes.

Mr. QUIE. It seems to me there is some pretty substantial improvement. Let me ask you then if you group children in four groups, the poor underachievers are one group, and the poor, average or better achievers are another. The nonpoor, underachievers are the third group and the average and above achievers are the fourth groups.

I think we could all agree that the poor underachievers ought to have first priority. Who ought to have the second priority in the use of funds, the poor average and above achiever or the nonpoor underachiever?

Dr. O'KEEFE. All of the above.

Dr. BERKE. I think we are clearly in this area speaking purely in terms of personal judgments, as is clear at this point. I think we have had this conversation before, but I think my assumption is, that poverty has an impact which is substantial, and which is of a nature that makes the claims of those youngsters in some ways greater, at least for purposes of this title I program, than other types of underachievers.

Let me say that the purpose for title I is not simply a pupil purpose. It is intended to help school districts with high proportions of poor children, because of the kinds of fiscal effects that this type of pupil population has for the school district. So that there are other factors that would come into forming a judgment on that question than just those you presented, but I speak a personal viewpoint.

Dr. O'KEEFE. I think it's clear the purpose of education is to educate all children to the level to which they can be educated, and that an ideal educational system would be one that responds to the unique needs of each individual pupil. I think the point Dr. Berke makes with regard to the compensatory program is currently the underlying hypothesis of this program, and represents a substantial policy judgment entered into by the U.S. Congress in creating this program. I also think it is something that should be considered for change only with very, very careful thought.

Mr. QUIE. You talked about general education, that we ought to provide it in such a way that every child could develop his full potential, with which I agree. But with title I, I believe the amount of money will always be limited in that we can't reach everybody, everywhere. My question then is who should the money go to after the poor underachiever has been reached?

Dr. **Berke**. The formulation of the legislation now tries to strike something of a compromise in that regard, in that in selecting schools for participation in the program the selection is made primarily on a poverty basis, but in selecting participants in the title I program, the selection is on terms of underachievement, so that the current program does strike something of a balance in that regard.

Mr. **Quie**. Something of a balance, but as you recall in that Detroit school where there were two schools with about 32 percent poor in them, one had 50 percent underachievers and the other one 9 percent underachievers. Now, if you take a different combination of facts and you find one school that is just above the district average and the other one just below the district average, one of them receives title I funds and the other one doesn't.

Let's just assume, because I have not found the district, but I am sure I could as I did the last time this legislation was up, where the school that was not counted because it didn't have enough poor kids in it had 50 percent underachievers and the one that was counted had 9 percent underachievers. Now, is it equitable that one should receive the funds and the other one not just because they had a few more poor children?

Dr. **Berke**. Mr. Quie, the title I legislation is legislation intended to deal with a vast problem in a vast Nation, and reaches, I believe, approximately 14,000 school districts. In developing procedures to meet the congressional mandate of dealing with problems of children in poverty and particularly of school districts with children in poverty, we reach cutoff points, and decisions which in isolated instances may raise questions. But I think the basic purpose of those regulations is to identify poverty, schools with high proportions of poverty children, and then focus on those who need help the most.

Mr. **Quie**. You see the implication I get out of your testimony and your answers is that the formula that we now have whereby a fourth of the kids had left school before we started using the income data and each year more of them leave school, so by the time we finish using the data, everybody has left school that was originally counted ,is not so inaccurate that we ought to make the changes because of additional information on poverty that you have found here.

The assumption I receive from all of this is that the most important thing we have to face is the political implication that we don't want to take money away from anybody. It doesn't make any difference if there are more poor children and even less of a difference that there are more educationally underachievers than disadvantaged. That doesn't seem to make any difference. It doesn't make any difference who is educationally disadvantaged until we get down to that school building, and then we know that this formula is so inaccurate, so unusable that then we can forget about poverty and we can help the kids who need it.

Now, I am really astounded that that is the way we go in education. To me it's a huge indictment on our unwillingness to face the fact that there are kids who are underachievers, poor and nonpoor, and we have proven now with title I that when we provide compensatory education it does make a difference. Kids are learning even faster than a month for each month they are in school.

This is what really astounds me as I listen to the testimony.

Dr. **Berke**. Mr. Quie, let me just make a general response, if I may.

Dr. O'Keefe mentioned earlier that we were talking about a particular program of compensatory education. The Congress has taken steps so that in the future we will not have that lengthy lag between the census data. That is, we will be dealing with a 5 Year census interval.

Mr. **Quie**. Five year Census interval that will go into effect two or three years after the census was taken, based on income information the year before.

Dr. **Berke**. We are in a large Nation and unless we want to hire the Army to conduct counts of poverty we will always have some lags of that sort.

The question in my mind, and again I speak my own mind, is are there alternatives that aren't themselves fraught with the kinds of problems that are simply data problems in dealing with large numbers of human beings? The data we have available and the improved data that we will have available makes this a workable approach, because we are dealing with a range of educational programs which do focus on some of the other kinds of pupils through both State and local and other Federal programs.

We are not ignoring the needs of other types of pupils. I think we need to be doing far more at reaching some of the pupils that you are referring to, and the States, in fact, have taken steps in that direction. We are talking about a particular program designed by Congress to serve certain needs, and it seems to me that we are working with the most feasible approaches which can be improved and fine-tuned, but ought not be abandoned.

Dr. **O'Keefe**. Could I comment also that in response to the line of questioning Mr. Quie is suggesting, the information that Title I does not target dollars on educationally needy children, is simply not correct.

The average title I participant is on the order of the 20th percentile in achievement. That is certianly the lower achieving child in our society.

Mr. **Quie**. Let me interject here, according to the Decima information, 16.6 percent of the title I poor children are in the 91st percentile and above.

Dr. **O'Keefe**. Those are the poor children being counted in the formula.

Mr. **Quie**. No, these are served.

Dr. **O'Keefe**. What is the source of that?

Mr. **Quie**. Decima, your study.

Mr. **Buchanan**. Would you repeat the statistics, Mr. Quie?

Mr. **Quie**. It is 16.6 percent at the 91st percentile of achievement.

Dr. **Berke**. And that is a population that I hope we will be addressing as well.

Mr. **Quie**. That gives me then the answer. That you think we ought to be providing remedial education for the poor, no matter what their achievement, all the way up to the 91st or 100 percentile, before we reach the first non-poor underachiever. Is that what you are saying; that is the population you want to reach?

Dr. **Berke**. My point was that the gifted, disadvantaged child, the gifted poor child is a target that we should be reaching as well, not necessarily through this existing formula, perhaps through some other, but I think that——

Mr. **Quie**. No. I think we ought to help the gifted whether they are poor or nonpoor, because I don't think that Einstein necessarily got there because he was poor to start out with. There are some people that are not poor who might be able to be great, too.

Dr. O'**Keefe**. By the logic you are developing, however, you would suggest if we were completely successful with title I—that is to say, if all of those children being served had their achievement raised substantially—we should then, in fact, stop providing those dollars because they are, in fact, achieving at the level that was intended through the program?

Mr. **Quie**. No; no. It was my amendment that was put in there, that would enable the school to receive the funds for 3 years, despite the fact that their achievement level had come up, because I believe you need a continuity of the program. If you just bring them up to that point and you don't provide any help anymore, they are pretty likely to slide back. But what I am driving at is we have a formula that is wholly inaccurate. If we do devise a formula that is accurate we can't use poverty. We have to go to achievement. Unless somebody can figure out something else, you have to go to achievement.

Now, the interesting thing about schools is they know who the underachievers are. Our problem, I know, in distributing money among States is you don't have national standards; everybody does it differently by State or school district to a large extent as well. But I believe there are methods of making surveys which would be so much more accurate than now where we aren't even in the ball park. When people look at trying to distribute money based on achievement they start raising the reasons why it's not as accurate as it should be. I can't imagine having anything more inaccurate than what we are doing right now.

Let me point out the dilemma I am going to be faced with because I recognize that we are going to distribute the money, undoubtedly—I wish it weren't the case—but undoubtedly the bias and tradition is set into where we have to distribute at least among States based on poverty. The Decima study indicates that with the level of income you call poverty, the correlation between that and educational achievement is higher. However, what we find is that with the poverty definition that is presently being used, only about 33 percent of the underachiving students come from poor families. The other 67 percent comes from nonpoor families.

Now, that isn't a very good method, it seems to me, of trying to designate who the underachievers are in the country that need compensatory education. The question I would present to you personally, because I know the Department has made a determination on this, is do you think in order to balance these two, underachievement and poor, we ought to find or set the poverty benchmark at a point where at least half of those who are counted were underachievers, or the other way around? Do you think we ought to find a point where half of the underachievers fall with the income criteria for help?

Dr. O'KEEFE. I think you are posing some very specific ways of structuring this program, some of which are under study now, as we look at the reauthorization of this legislation. You have had testimony before this committee by John Evans of the Office of Education and by representatives of the National Institute of Education who performed this study. We are not entirely prepared to discuss the details of some of these studies today, in fact, the representatives of those offices would be most appropriate to explore them.

Mr. QUIE. I recognize that, but Joel, you have been working on this a long time, could you answer this as a person rather than for HEW? Could you separate yourself like some of the other Secretaries in the Cabinet of the President have been doing? On just that one philosophical question, should we have a poverty benchmark so low that at least half of the low achieving children are served, because right now there is less than half of those being served under the present formula are underachievers. Should we than drop it down so we at least get half of the served children who are underachievers. Or, should we look at the underachievers and using the poverty benchmark be certain at least half of those underachievers are then below poverty?

Dr. BERKE. Mr. Quie, I think what we are dealing with is questions of specificity and fine-tuning that I really——

Mr. QUIE. No, I mean the philosophy of how we do it.

Dr. BERKE. I am troubled by dealing with underachievement in the formula in this manner, because it moves in a direction that I think would raise as many questions.

Mr. QUIE. But again, my question was not going to a formula using underachieving. Mine was using poverty in the formula, so don't go any of the other ways around and bring up those straw men. Let's just talk about the poverty formula. I imagine from your testimony you think we ought to go or stay with.

Dr. BERKE. I have not a view on the precise point of poverty level in terms of dropping it or raising it, and I would prefer not to shoot from the hip on that. I am concerned with the importance of the poverty environment for children in those poverty schools and I think that has an impact which is substantial, and I am not sure in my own mind at this point of the level at which that poverty point ought to be set. I am not clear on the other implications that would arise from dropping the poverty level to reach a higher proportion of low achieving pupils. But it is something I will consider. I haven't until this time thought of the question in that manner, and I will give it serious consideration.

Mr. QUIE. I hope you will, and I hope you will bring that message back to HEW, because if they only look at making certain that everybody gets what they got before, that may be political reality, but a unwillingness to address these other questions, I believe, is an educational cop-out I don't think we can do that to the young people of this country. That is why I am saying that.

Dr. BERKE. We will consider those questions.

Mr. QUIE. Thank you.

Chairman **Perkins**. Mr. Kildee?

Mr. **Kildee**. Thank you, Mr. Chairman.

Perhaps the gentleman from the Census Bureau would be more able to answer this question, and I am not stating my position but merely being interrogative since I know that this question will be asked and the observation made. Regarding this map and the data that went into it, how typical or atypical was the year 1975 with regard to the economy of the country, is that that particular year I was serving in the Michigan Legislature and the oil embargo had hit hard in the industrial north, particularly the automotive States.

I notice the poverty figures for Michigan shot up greatly. I can recall around that time we were cutting back on school aid because of the massive unemployment in Michigan. I look also on the map to Florida. I think they were doing the same thing with their State budget, cutting back, because of the effects of the oil embargo on tourism. I am just wondering how typical or atypical was the year 1975. Why I ask that is that in selecting a year to gather this data, is there not somewhat the luck or unluck of the draw?

Mr. **Herriot**. You are quite right, sir, in terms of the luck of the draw of a particular year. The survey was mandated by Congress to be done and we set forth to take the survey as quickly as possible.

Mr. **Kildee**. I recognize you operate under Congressional mandate.

Mr. **Herriot**. Right, and that particular problem, the pure economic conditions in a certain year is that thing that can affect the Censues and surveys any time you would allocate funds on a particular year's observations.

The year 1975, to my best knowledge, was somewhat of a problematic year. There were various pockets, such as you have suggestted, of problems here and there. It hasn't been all that untypical, though, in terms of what has happened since 1970. There really hasn't been any systematic growth in real income in this country outside of the South since 1970, here and there, up and down. But it changes from time to time. I wouldn't say it was any more untypical than any other year that we might have taken.

Mr. **Kildee**. I recognize that there has been a movement of industry toward the Sun Belt, and that certainly has taken place during this decade to a great extent. But just picking out certain areas that were more profoundly affected because of the nature of their manufacturing industry, you would find a State, for example, deeply involved in the automotice industry being more affected with more people laid off, more people going on the welfare rolls in that year, would you not, than any other years?

Mr. **Herriot**. I am not particularly aware of Michigan. The data would indicate that there were considerable problems or more of a problem in that State. We are not really just talking about one year though. That graph measures the change since 1970, so it could have been, it's quite possible to have considerable economic growth, or a reduction during a period of time, and then have a 1-year arbitration, which doesn't distort that trend all that much. If we had taken the survey with the income reference year of 1974, then you would have found even more dramatic differences in the farm belt, because of the tremendous changes in the wheat prices during that year, and cattle prices were very high. It's hard to address the question of particular things when it changes from time to time.

Mr. **Kildee**. Let me ask you then, did you take 1970 and contrast that just with 1975, or did you fold in what ensued between those 2 years?

Mr. **Herriot**. The survey would essentially have just looked at 1975 and compared it with the census, which is the '70 count for income, 1969. So, what happened in between that is not reflected in the two figures in the trend.

Mr. **Kildee**. It was just a contrast between those two years?

Mr. **Herriot**. Right.

Mr. **Kildee**. Thank you very much.

Chairman **Perkins**. Mr. Buchanan?

Mr. **Nisselson**. Sir, could I add a few words on that?

I think you are quite right about what happens to a particular State in a particular year. But I wanted to say we have the current population survey which provides an annual measure at the national level, and we have done some calculations by broad region by year, and the year by year trends at the national level, and the States and groups of States on a regional level are quite consistent year by year. If you look at it as a time service the SIE, the data fit in very well with that. The kinds of measures we get are quite consistent with the 1970 data, but it is a problem for individual States.

Mr. **Kildee**. Thank you very much.

Chairman **Perkins**. Mr. Buchanan?

Mr. **Buchanan**. If I can begin just where you ended, Dr. Nisselson? I believe you said earlier that in the case of perhaps two States you would expect greater than 20 percent error. Is that correct?

Mr. **Nisselson**. Yes, sir. In either a plus or minus direction. It could be 20 percent greater or less.

Mr. **Buchanan**. I think the Chairman and I might have a suggestion as to which those two States might be.

If I really believed there had been a 50 percent increase in per capita income in my State of Alabama and a 50 percent decline in poverty level children in Alabama in that time frame, I would be the happiest person in this room. The problem is that nobody in Alabama is aware of such changes, and therefore, it has to raise a slight credibility gap as it relates to the SIE study.

You have all indicated the possibility of error. If we were dealing with health statistics rather than poverty statistics, the figures used as possibilities for error would really be frightening. You predict with sixty-eight percent confidence the estimate is within 10 percent, with 90 percent confidence the estimate is within 20 percent, and state there is a 50 percent chance two or three States may be off by 20 percent or more.

What method was used in the SIE? It appears to be a little more urban oriented or somewhat urban oriented. The distribution of the poor in different areas does differ. For example, in my State of Alabama, I note there were none of our poorest rural counties included in this survey. I note also that there were many urban counties around the country that were included, and in many areas the concentrations of poor are in these urban areas.

Could someone comment on that?

Mr. **Nisselson**. I would like to comment on it, Mr. Buchanan, from the point of view of the kinds of checks that we made. We, ourselves, were concerned about large changes and the possibility that they might have been a reflection of errors on our part, and we did go through and very carefully check the materials. In the case of Alabama, we had the benefit of the opportunity to sit down with some people from the State University and to go over with them exactly what we did, and one kind of test that we made was to take the individual addresses which were in the sample currently, and to use the data for those addresses in 1970 to make an estimate for 1970 against which we had the Census data as a check, and I believe that the difference in the estimate was something like on the order of 1 percent, which indicates that whatever problems we had it was probably not the sample or the way it was selected.

Now, it is true, you can quote the sample in various ways, and the smaller the group you get, when you are looking at it individually, then the more abberations you may see, and the more anomalies you may see. But we did try to check very carefully that nothing had gone wrong in our design, and the implementation of our design and the data generally State by State are consistent with general economic indicators, such as the BEA estimates of per capita income. We did a test like that also. I mean, I am certainly prepared to conceed that the estimate for Alabama is subject to sampling error, but from the tests and checks we have made we can't explain all of the change from 1975 and 1970 and 1975 and 1976 on the basis of sampling error. There does appear to be some improvement.

Mr. **Buchanan**. I am confident there is some improvement. I think it's most unlikely though that anything so dramatic could fail to get the attention of the people in the State.

Mr. **Herriot**. I might address very briefly the question of the sampling.

The areas which have large concentrations of people, the SMSA's, are in by necessity the sample, certainly, that if you would miss one of these places it would have drastic results on the estimates. Since the amount of money that we had to do the survey didn't permit us to go into every county in the country, outside of those areas in most States, various counties were grouped together and classified in various strata, low income counties. This was done on the basis of a portion of poor children as measured in the Census, and there were many strata dependent on th e State and how many counties they had, and then several counties in each strata were selected.

Now, these strata are really formed or based on the total population in the area rather than what the poverty population is. What you are really trying to estimate with the survey is of the total number of children and families in that whole area, what proportion of them are poor. So you tend to form your strata and your groups in terms of the total population in the areas.

Does that answer your question?

Mr. **Buchanan**. Yes. I think the results remain a little startling. I understand your method a little better now.

Let me, on the question raised by Governor Quie a moment ago, the children not being the same, by the time we use the information, is it not, however, the case, and has it not been the case that you tend to have generation after generation of welfare familes so that people have a way for better or worse of replenishing the earth, and while you may not have the same children upon whom these statistics are based, would the evidence not indicate that you tend to have a greater stabiity in the percentages of poverty families in a given area over a period of time?

Could somebody comment on that?

Ms. **Mahoney**. I think what you have is within an area you have more stability of the poverty population than you probably have of an individual family, or of the children of any particular family. There is a lot of movement in and out, but the poverty areas tend to be more stable, just as the number of poor in any year tends to be more stable, even though the actual families in there, some move out, some move back in.

Mr. **Nisselson**. We do have, Mr. Buchanan, some data which I believe we might be able to submit which shows something about that, that areas persist in their characteristics, their general characteristics over time, and that even addresses do. In the case of an address occupied by a poverty family, it is quite likely that if, when they move out, another poor family will replace them in that kind of housing.

Dr. **O'Keefe**. It should be observed also that there is no certitude that other measures such as, for example, achievement would not be subject to similar variations if you look at the actual individual level. The amount of error, for instance, in achievement tests amounts to about half a grade level, so people are moving in and out of that cagetorization as well. It is an artifact of how we measure things, and of how people behave, that those measures vary.

Mr. **Buchanan**. It's perfectly obvious to me that BEA did the best work and must have the most accurate of those studies, but I don't have the figures for BEA versus the 1970 Census as applied for example, to Alabama.

Do you have such figures?

Mr. **Kahn**. Could you repeat the question, Mr. Buchanan?

Mr. **Buchanan**. What were the totals for Alabama in BEA versus the 1970 Census? What was the trend?

Mr. **Kahn**. Yes, sir, we have the BEA estimates for Alabama for the year 1975 which we can compare with SIE, and we also have the estimates of the DEC method.

Mr. **Buchanan**. I mean compared to the 1970 census. I am trying to determine the trend.

Mr. **Kahn**. Yes. You are talking about the change from 1970 to 1975. The BEA estimate of change, and of other methods shows that the reduction has taken place in alabama just as SIE estimated, but not to the extent that SIE estimated.

Mr. **Buchanan**. There is obviously a substantially smaller reduction, but the trend is in that direction. I raise the issue simply because everything else I know would point to results found by BEA, where there has been some increase in the per capita income, and prosperity of the State. There has been some decrease in poverty in the State, but it has been a much more modest amount than that revealed by the SIE.

Mr. KAHN. As Mr. Nisselson mentioned, I think we should look at the Alabama result which we got from SIE as being subject to sampling error. But if you look at the trends of all of the States I think the reduction in the count of children may not be as big, but there is a reduction and that is a fact.

Mr. BUCHANAN. So if we should in any way take these trends into account in any change in the formula for the two-year period or for any period in which it would apply, we ought to take into account the possibility of sampling error in cases like that of Alabama?

Mr. KAHN. That is correct, yes.

Mr. BUCHANAN. Finally, Dr. Berke, I am curious, you indicated some interest in gifted children and disadvantaged. I guess you are aware of Congresswoman Shirley Chisholm's bill. She has just introduced one which would provide a special program under title I for gifted children. Do I gather from your testimony that that idea has some appeal to you.

Dr. BERKE. Again, with the caveat that the Department has not officially passed on that, it does have some appeal, yes, it does. That is correct.

Mr. BUCHANAN. I wish my leader, the Governor, could have been here yesterday, so that he could have defended his approach against our colleague, Shirley Chisholm, who had testified. My leaders have me confused about which way to march.

Thank you, Mr. Chairman.

Chairman PERKINS. The conclusion I draw from you gentlemen, and I certainly wish to compliment you for having been most helpful to this committee, is that your data seems to be most accurate for the Nation's regions, and less accurate for individual States, and not accurate at all for individual school districts. Our problem is that the title I formula goes down to the local county level, and how can we use information which is only accurate for regions of the country to change a local county's grant?

Do you care to comment on that, Dr. O'Keefe and Dr. Berke?

Dr. BERKE. With minor variations in the wording, Mr. Chairman, I could certainly agree with your characterization, and I think it would raise real questions for legislative draftsmanship, and for the defense of some of the allocations that would result before your colleagues who would raise them.

Chairman PERKINS. Thank you.

And Dr. O'Keefe?

Dr. O'KEEFE. No comment.

Chairman PERKINS. All right.

Thank you very much.

Mr. QUIE. Mr. Chairman, could I just get a few extra questions in here?

When do you expect HEW is going to be in with their recommendation on this legislation?

Dr. O'**Keefe**. As you know, it's not just HEW, it's the Executive Branch which means the Office of Management and Budget and the White House.

Mr. **Quie**. We are still with that? What do you know?

Dr. O'**Keefe**. We have carried a few things over.

Mr. **Quie**. I thought President Carter was going to change all of that.

Dr. O'**Keefe**. We have carried a few structural things over from the previous Administration, Mr. Quie. None of us here at the table can speak, obviously, definitively or with any real authority on when that is going to happen. Our expectation is it will be near the first of the year.

Mr. **Quie**. Okay. The other question is has HEW done any studies of the distributional effects among States of the proposed welfare reform as compared to the AFDC?

Ms. **Mahoney**. There are some examinations using the SIE data of the costs in case load, I believe, by State. I am sure they are available. I know there have been State people who have received the SIE tapes, and who are doing some of their own calculations of the welfare reform.

Mr. **Quie**. Could we get a look at that? It would be interesting to compare that. We have enough problems in Alabama with SIE. I think we ought to look at what it would do on the new poverty information.

The other question I would have is, do the school lunch counts make a difference between metropolitan and rural areas? As you know, in many of the States they distribute the money or determine the target schools based on school lunch. In your studies does this make a difference?

Dr. **Berke**. Mr. Quie, we did look at the school lunch as a mechanism of distribution. Dr. Kahn I think can comment on that.

Mr. **Kahn**. Yes. Mr. Quie, we were able to examine only the case of California, and my recollection is that it does make a difference. As you probably are aware, the school lunch program data is being required by the California Legislature to be used in their distribution of school lunches. So we would be happy to look further and give you exact figures as to what the difference is.

Mr. **Quie**. Who loses? Up to this time Mr. Perkins and I have been very keenly interested in the rural areas, and now I am as keenly interested in Minneapolis and St. Paul as I have been in the rural areas; but I still would like to have that information.

Mr. **Kahn**. We shall supply you with that.

Mr. **Quie**. And the last question, we have no sanctions against the school that increases the free and reduced cost lunches served in order to get more title I money. Could you take a look at it and tell us how much money it is going to cost the local school to increase the free and reduced cost lunches, not the Federal money but just the local school as over and against the amount that they will gain in title I money in order to do that.

Dr. O'**Keefe**. I think we would hesitate to say we can accomplish that study on the spot, but we will give you a reply to the extent which we can, in fact, examine it.

Mr. **Quie**. OK.

Chairman **Perkins**. Let me thank all of you gentlemen; you have been most helpful.

Dr. **O'Keefe**. Mr. Chairman, let me thank you too for the opportunity.

Chairman **Perkins**. I want to thank the lady too, all of you.

The next panel includes Dr. Wayne Teague, State Superintendent of Alabama State Department of Education. We understand that Dr. Todd of South Dakota Department of Education is snowed in out there.

Dr. Anne Campbell, State Superintendent of Nebraska Department of Education, and Dr. Robert Berlam, Executive Assistant to the Commissioner, Rhode Island Department of Education.

I am going to call on Mr. Buchanan to introduce Dr. Wayne Teague, the Alabama State Department of Education. First I want to state I see Dr. Billy Mellown back here in the audience, and he has been most helpful in the past in promoting education throughout the Nation.

Without objection, all of the prepared statements will be inserted in the record, and we will start with you, Dr. Teague. We will let Mr. Buchanan, an outstanding Member of this committee, make some remarks at this time.

Mr. **Buchanan**. Mr. Chairman, I think we would like to reflect Alabama's pride in Dr. Wayne Teague and our State Department of Education.

We feel we have the highest caliber leadership and some of the finest educators in Alabama you can find in the country in education and there is none finer than our distinguished State Superintendent. I would like to join you in welcoming him to our committee.

STATEMENTS OF DR. WAYNE TEAGUE, STATE SUPERINTENDENT, ALABAMA STATE DEPARTMENT OF EDUCATION, ACCOMPANIED BY DR. ANNE CAMPBELL, COMMISSIONER FOR THE STATE OF NEBRASKA; DR. THOMAS TODD, STATE SUPERINTENDENT OF EDUCATION FOR THE STATE OF SOUTH DAKOTA; DR. BOB BERLAM, COORDINATOR OF FEDERAL PROGRAMS FOR THE STATE OF RHODE ISLAND, REPRESENTING COMMISSIONER SCHMIDT; ELLIS BATEMAN, DIRECTOR OF BUDGET SERVICES AND FEDERAL RELATIONS FROM THE GEORGIA DEPARTMENT OF EDUCATION, TO ANSWER QUESTIONS CONCERNING WRITTEN TESTIMONY OF THE HONORABLE GEORGE BUSBEE, GOVERNOR OF THE STATE OF GEORGIA; DR. BILLY MELLOWN, FEDERAL PROGRAMS SECTION, DEPARTMENT OF EDUCATION; DR. BADRIG KURKJIAN; AND DR. MARVIN KARSON, STATISTICIANS FROM THE COLLEGE OF COMMERCE AT THE UNIVERSITY OF ALABAMA

Dr. **Teague**. Mr. Chairman, I am Wayne Teague, State Superintendent of Education from the State of Alabama. All Alabama educators are pleased to have the Honorable Congressman John Buchanan serving as a Member of this subcommittee. We are aware of and appreciate the many contributions he has made to Federal education legislation. We are also aware of the outstanding leadership you, Mr. Chairman, have provided for education in this Nation. It is a privilege and honor for us to have the opportunity to appear before this distinguished subcommittee.

Other members of the panel who will present statements include Dr. Anne Campbell, Commissioner of Education for the State of Nebraska; Dr. Thomas Todd, State Superintendent of Education for the State of South Dakota, as has been pointed out before, is snowed in, and Dr. Bob Berlam, Coordinator of Federal Programs for the State of Rhode Island, representing Commissioner Schmidt.

In addition, the Honorable George Busbee, Governor of the State of Georgia, has submitted written testimony. We are pleased to have Mr. Ellis Bateman, Director of Budget Services and Federal Relations from the Georgia Department of Education, who will be available to answer questions regarding Governor Busbee's testimony.

I also have with me today Dr. Billy Mellown, who heads our Federal Programs Section in the Department of Education. In addition, I have Dr. Badrig Kurkjian and Dr. Marvin Karson who are statisticians from the College of Commerce at the University of Alabama. A copy of their biographical data is attached to our written testimony. They are, in our opinion, eminently qualified and prepared to provide helpful and accurate information regarding the Survey of Income and Education.

With your permission, Mr. Chairman, I would like to call on Dr. Kurkjian and Dr. Karson for brief statements on the survey following my remarks.

We do not apologize for the length of our written testimony. Members of my staff have made an exhaustive effort to assure that we call to your attention all of the major concerns regarding the Elementary and Secondary Education Act, ESEA. These areas of concern have been identified by both State and local school system representatives.

The ESEA legislation has been a "God send" to Alabama and we are most appreciative of this excellent financial support of our federally funded school programs. We commend you, Mr. Chairman, and each Member of this subcommittee for this far-reaching, progressive legislation and for the enormous time and forethought you have extended to make essential educational opportunities available to the students of our State.

Mr. Chairman, while I would have liked to take the remaining time to discuss many of the major issues included in our written testimony, I know you have many other demands on your time and want to keep this hearing on schedule. The fact that I have passed over many of these concerns should in no way imply that we have less interest; however, our major concern is the Survey of Income and Education.

When the preliminary data regarding the Survey of Income and Education were released, our first impression was one of pride. The economic resources in Alabama had improved to the point where the number of people below the poverty level had been reduced by almost 50 percent since the 1970 Census. Our impression was that Alabama had "really arrived." We had at last discovered some magic formula for eliminating poverty. This pleasurable reaction was further inflated by the fact that Alabama had reduced povert by a larger percentage than any of the other contiguous States. W did feel sorry for our sister State to the South, Florida, becaus while we had seemingly grown 50 percent richer, Florida ha become 28 percent poorer.

Indeed, I suggested to Mr. Christopher Cross, the distinguishe Minority staff member for this subcommittee, that since we i Alabama had discovered the key to reducing poverty by 50 percen in 5 years, we were contemplating asking for a Federal grant t share our amazing secret with the other States.

Let us turn to reality. We began to realize that poverty had reall not disappeared in Alabama since 1970; instead, it was just no reported in many scattered and rural areas of our State. Unfortunately, we will have large numbers of families existing far belo the national poverty level. There is still a tremendous need fo extensive compensatory educational and economic assistance.

We began seriously to question the SIE sample of the Bureau o the Census data that reported a major reduction in poverty. W have not been able to fully determine how the SIE could substantiate a significant loss of children from low income families, whic this report indicated. In order to accurately view poverty, let m suggest that a nationwide comparison, which I will discuss with yo briefly, can provide a perspective not evident in the SIE samplin results.

The large map which is attached to our written testimony depict vividly that the area of the United States referred to as the "Su Belt" has the largest percentage of poverty level persons in th United States. Gray areas, indicating less than 7.5 percent childre in poverty, are rare in the Sun Belt. Blue, indicating 7.5 percent t 12.4 percent in poverty, is associated with more prosperous metropolitan areas such as Atlanta, New Orleans, Houston, and Dallas-Ft. Worth.

In the area of the United States referred to as the Snow Belt, the largest percentage of poverty tends to exist in the metropolita areas. Very few counties in the Snow Belt area have as many as 3 percent of the children below the poverty level. Differences in the distribution of poverty in rural and urban areas in the North an South may help reflect why the data presented in the SIE repor are, in our opinion, inaccurate and unrealistic. It is unthinkabl that Alabama has suddenly, in a short 5-year span of time, lost almost half of the children from low-income families. As presented, the data give a disproportionate weight to the conclusions draw from the survey results.

It is difficult, if not impossible, to explain fully the dramati shifts shown in the SIE report when one looks at the concentratio of poverty that existed in the South in 1970. These supposed shifts are, in our thinking, products of sampling design errors that inaccurately reflect the real poverty levels of the population of the State at this time.

We have made great strides forward but we were farther behind when we started. If you ask, "Has the South become rich?", you should also press your investigation and find out how the wealthy areas of the North, shown in the dark colors, have suddenly become poor since 1970. We do not believe this is the case. With the proper focus on poverty in our State and the pitiful destitution of many of those who live in rural sections, I believe you will agree we haven't realized the economic success our friends in the Northeast and the Midwest would have you believe we have achieved.

The time of the SIE, in our opinion, has some significance in the final results. As you well know, 1975 was a year in which our Nation suffered a serious, somewhat regional recession. Recessions are generally felt more dramatically and quickly in the industrial North than in the South and Southeast.

The significance of timing, a factor not accounted for in this survey, is perhaps borne out by the fact that Florida and Nevada, two States that depend heavily upon the tourist industry, both showed large gains in numbers of children from low-income families. Americans adversely affected by a recession or rumors of gasoline shortages do not make long trips to resort areas; therefore, States dependent upon tourist trade show less dramatic losses in income for such a period of time.

Since the SIE was conducted in 1976 for income earned in 1975, the recession year, it tends, in our opinion, to add to the confusion interpreting the data. This is not to say that the data are incorrect, but simply to point out that it may not represent accurately the change in poverty levels from 1970.

In analyzing the SIE data, we requested the judgment and expertise of Dr. Karson and Dr. Kurkjian from the University of Alabama. These gentlemen reviewed the data in depth, talked with personnel in the Bureau of the Census, and assisted in developing the SIE portion of our written testimony. Let me emphasize again that we have not found evidence that the SIE sampling methodology leading to estimates of population characteristics is grossly in error. However, the conclusions drawn are definitely misleading and do not get to the heart of the problem of poverty and maladjustment of economic opportunities in our Nation. There are several points that have not been adequately explained which cause us to feel that isolated results of the survey are inaccurate for technical reasons. This will be further explained by Dr. Karson and Dr. Kurkjian.

For these reasons, we urge the Members of the subcommittee to continue the use of the 1970 census data until such time as 1980 Census data are available and one can make a more balanced interpretation of the distribution at our poverty striken areas of population. Census data will be available at five year intervals after 1980 to assist in keeping the number of children from low-income families on a more current basis. Thus, the problems which led to the request for a survey of income and education should not arise in the future.

In conclusion, we strongly recommend that the 1970 Census data continue to be used until such time that more accurate data become available. This recommendation is based upon the following conclusions:

1) SIE data are not usable below the State level.

2) There is no source of information to support the conclusions obtained from the SIE data.

3) Per capita income data in 1975 cast reasonable doubt upon the accuracy of the SIE data.

4) SIE data appear to be substantially inaccurate for Alabama because of the "luck of the draw" statistically.

5) 1980 Census data will be available within the next few years.

6) It is unscientific and most questionable to make decisions based strictly on point estimates that are open to statistical variations without the variations being known.

Let me again express our appreciation to this subcommittee for this opportunity to appear and present evidence to support our appeal for a fair distribution of ESEA funds to meet the educational needs of our boys and girls.

We feel that our written statement and the statement that Dr. Kurkjian and Dr. Karson will now present will justify our request for the continuous use of the 1970 Census data.

It is my pleasure to present Dr. Kurkjian and Dr. Karson.

[The full statement by Dr. Wayne Teague follows:]

State of Alabama
Department of Education
State Office Building
Montgomery, Alabama 36130

Wayne Teague
State Superintendent of Education

Statement of

Dr. Wayne Teague

State Superintendent of Education

State of Alabama

before the

Elementary, Secondary, and

Vocational Education Subcommittee

of the

United States House of Representatives

November 9, 1977

Regarding H.R.15

Amendments to

The Elementary and Secondary Education Act of 1965

TESTIMONY TO THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

The Honorable Carl D. Perkins, Chairman
U. S. House of Representatives

November 9, 1977

by

Wayne Teague
State Superintendent of Education
Alabama Department of Education
Montgomery, Alabama 36130

Mr. Chairman and members of the Subcommittee, thank you for the privilege of addressing this distinguished group regarding major concerns relating to H. R. 15. We believe our remarks represent the major concerns of the educators in the State of Alabama regarding amendments to the Elementary and Secondary Education Act of 1965. These concerns have been reviewed by educational groups at various levels and express the views most prevalent in Alabama. We urge each member of the Subcommittee to study this document and give full consideration to each of the recommendations. We are of the opinion the implementation of these recommendations will help alleviate many of the problems involved in the administration of this legislation.

The testimony is divided into five subparts - Concerns Related to (1) SIE Findings; (2) General Issues; (3) ESEA, Title I; (4) ESEA, Title IV; and (5) ESEA, Title I, Migrant Education. Each subpart contains a brief statement of the problem and recommendation(s). Each brief statement is terminated with a reference to the appropriate appendix for additional information. The additional information explains in detail the problem and recommended solution(s). This division will provide the reader with either a general view or a more detailed account of the concerns and recommendations.

Alabama State Department of Education
Division of Administration and Finance

SUMMARY: ANALYSIS OF SURVEY OF INCOME AND EDUCATION

We accept that, although there may be minor differences in judgement, the Survey of Income and Education (SIE) was properly designed from the standpoint of technical, statistical, theoretical, and methodological considerations. Proper procedures were followed in the estimation process for achieving a point estimate of the number of children in poverty in a given State. We understand, the SIE data is not useable below the State level.

The SIE finding for Alabama of a near 50% decline in poverty children since the 1970 Census is significantly different from observations of informed analysts within the State. Also, Alabama is significantly different according to SIE estimates when compared to other neighboring Southeastern States. This important statistical difference must be supported soundly by socio-economic evidence to render it free of suspicion of unexpected bias that can be evident in any sampling procedure. To our knowledge, such evidence has not been brought forward by any official body to verify the differences indicated from the SIE. As part of our analysis, which demonstrates that no such change in poverty has taken place, we are including data on the change in per capita income between 1970 and 1975. This data cast reasonable doubt on the accuracy of the SIE results.

We feel, therefore, that the Survey of Income and Education estimate for Alabama is an aberrant statistical phenomenon; one that does not accurately reflect the poverty condition in Alabama. This kind of phenomenon can occur, though infrequently, in any well designed sample.

The lack of evidence to explain the inaccurate estimate of poverty for Alabama serves to cast doubt on the value of universal Nationwide use of this sample in determining the number of poverty level persons for allocation purposes.

In conclusion, we strongly recommend that the 1970 Census data continue to be used until such time that other more accurate data becomes available. This recommendation is based upon the following conclusions: 1) SIE data are not useable below the State level. 2) To our knowledge, there is no other information available which supports the conclusions obtained from the SIE data. 3) Per capita income data in 1975 cast reasonable doubt upon the accuracy of the SIE data. 4) SIE data appear to be inaccurate in Alabama because of the "luck of the draw" statistically. 5) 1980 Census data will be available within the next few years. 6) It is scientifically questionable to make allocation decisions based strictly on point estimates that are open to statistical variations, without the knowledge of the extent of the variation.

See Appendices as follows:

Page SIE-3	Brief non-technical summary of the Survey of Income and Education (SIE) design and estimate procedures
Page SIE-7	Comments from M. Karson and B. Kurkjian on the SIE Findings for Alabama
Page SIE-12	The line of regression (with 99% confidence belt) for percent change in Per Capita Income and change in low-income children since 1969
Page SIE-13	Biographical data on B. Kurkjian
Page SIE-16	Biographical data on M. Karson
Page SIE-20	Map showing U. S. counties included in SIE sample and percent of low-income children by county, 1970

SIE - Sample Design

The sample design of the SIE is quite complex and its main points are summarized here. It is virtually impossible to document in a brief non-technical form the intracacies of the various phases of the SIE. Each state was originally divided into primary sampling units (PSU's) according to the same criteria used in the Bureau of the Census' Current Population Survey (CPS). The criteria, numbering approximately 17 and each of the geographical-socio-economic nature, are discussed at length in BC Technical Paper No. 7, "The Current Population Survey: A Report on Methodology." This forced the PSU's of the SIE to be identical to the PSU's of the CPS. It may be noted that the primary objectives of the two surveys are different, the SIE's being to provide estimates of children, age 5-17, in poverty families by state and the CPS's being to determine accurate labor force data. For every state, PSU's are either standard metropolitan statistical areas (SMSA's) or neighboring counties and independent cities. Sample size criteria led to a target sample size of 2,166 households for Alabama; of these, 1,653 households was the final Alabama sample size, which is a statistically adequate sample size. The ultimate sampled households were selected in three stages: the first stage selecting PSU's, the second stage selecting census enumeration districts, and the last selecting households. This description in its brevity belies the complexities, as PSU's were either self-representing or not, enumeration districts were large or small and further grouped by poverty level and number of children, and stratified samples were drawn at various stages. It is important to be aware that three different sampling frames were used: 1) Approximately 90% of the total sample frame was made up of the housing units in the 20% 1970 Census Sample File (the "long form" users in the

(Replacement for SIE-3)

1970 Census). This provided the only way stratification could be done on the poverty status of a family in a given household at the time of the 1970 Census. 2) Most of the remainder of the frame was a frame of permit and non-permit new construction units; and in fact, this frame led to the Dale-Henry, Lawrence-Winston, Barbour, Marengo PSU's also entering the Alabama sample. 3) Mobile home directories filled out the frame. Wherever samples were drawn, care and attention were paid to proper, and even innovative, statistical procedures.

Estimation Procedures

In essence, estimates were built up in a series of weighting stages in order to produce so-called reliable estimates for each state. The basic weight for a sampled person was the inverse of the probability that the person's given household had of being selected. This averaged to approximately 617 for Alabama households. Numerous adjustments in forms of multiplying factors, with values typically close to 1.0 on either side, were made to account for such categories as non-interviews, state and national controls on age, race, sex, etc., and so forth. The weights finally produced for Alabama the SIE estimate of 136,210 poverty children aged 5-17.

Analysis of the Design and Estimation Procedures

With respect to the SIE and its accompanying estimation procedure, there are two concerns. 1) At the present time, the only number for a given State, produced by rational and correct statistical methodology, is the point estimate[1] of the number of poverty children for the State as a whole. The appropriate standard errors based on the data are not yet available. This means there are not yet published any intervals of the form, Number ± tolerance. It is questionable to make decisions based only on point estimates that are subject to statistical variation when the variation is not known. 2) An intuitive feel of the nature of the SIE estimate for Alabama may be obtained by the following argument: If the SIE results are correct in indicating that the Alabama poverty rate is about 16%, then 16% of the 1,653 sampled households, or 264, are expected to be in poverty. If c is the average number of children in a poverty family, then the sample is expected to show (264) x c poverty children. Since each sampled person gets an average basic weight of 617, it is reasonable to expect the estimated number of poverty children to be the order of (264) x (617) x c, or 162,888 x c.

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[1] The point estimate is the published number of low-income children. This is an estimate of the actual number and subject to statistical error.

(Replacement for SIE-4)

The SIE indicated a very low value of c for Alabama, 1.088 children per poverty family. Even so, this number for c says that the estimate of children in poverty should be near (162,888) x 1.088 = 177,222, or about 41,000 more than the actual SIE point estimate.

It should be stressed that the SIE found the average number of children per poverty family to be 1.088 for Alabama. This is a highly significant result when compared to the 1970 Census value of 1.506 children per poverty family in Alabama and also when compared to SIE values for Alabama's neighboring States in the Southeast. According to the SIE, the average children per poverty family in Mississippi, Tennessee, Georgia, and Florida is 1.593, 1.341, 1.351, and 1.475 respectively.

Had the 1970 Census figure of 1.506 been used for c in Alabama, the estimate would be expected to be near 245,309 instead of the reported 136,210 poverty children.

(Replacement for SIE-5)

ANALYSIS OF THE SIE FINDINGS FOR ALABAMA

The general statistical methodology of the SIE was compatible with existing statistical theory. However, when well-designed samples or physical experiments are performed singly, unexpected and extreme events (with *a priori* very small probabilities of occurring) may indeed occur. There exists a finite probability for the occurrence of rare and extreme results at any stage in the selection of households for the SIE. Suppose that the "luck of the draw" selected non-poverty households for the sample in greater proportion than their true (but unknown) representation in the population. Then certainly the survey would produce estimates less than the actual value. Such an extreme and unlikely event could appear for one State out of 50. There is supporting evidence, in our judgement, for the position that the point estimate of 136,210 poverty children in Alabama in 1975 may be a realization of such an unlikely and extreme event.

It is reasonable for us to consider initially the change in the SIE estimate of the number of children, 5-17, in poverty from the 1970 Census value, relative to the 1970 Census value. That is, consider for any State

$$Y = \frac{\text{SIE Estimate} - \text{1970 Census}}{\text{1970 Census}} = \text{\% change in SIE from Census}$$

If Y is negative, there has been a reduction in poverty according to the SIE; the more negative, the greater the reduction. If Y is positive, there has been an increase in poverty according to the SIE; the more positive, the greater the increase. The following are the values of Y, ranked from most negative to most positive (smallest to largest) for all States and the District of Columbia. (Read down the first column and then down the second column.)

State	Y	State	Y
Alaska	-.504	Colorado	-.101
Alabama	-.499	Missouri	-.092
Dist. of Col.	-.389	Montana	-.090
South Dakota	-.359	Texas	-.071
North Dakota	-.349	Idaho	-.050
Kansas	-.338	New Mexico	-.033
Arkansas	-.316	Indiana	-.025
N. Carolina	-.292	New York	-.005
Oklahoma	-.290	Hawaii	+.004
Louisiana	-.288	Washington	+.014
West Virginia	-.285	Wisconsin	+.020
Virginia	-.273	Massachusetts	+.057
Iowa	-.260	Maine	+.066
Mississippi	-.257	Ohio	+.074
Wyoming	-.230	Connecticut	+.075
Nebraska	-.214	Pennsylvania	+.079
Oregon	-.207	California	+.088
Tennessee	-.202	Arizona	+.100
S. Carolina	-.199	Michigan	+.142
Kentucky	-.183	New Jersey	+.245
Utah	-.179	Florida	+.277
Delaware	-.177	Illinois	+.287
Georgia	-.133	New Hampshire	+.422
Rhode Island	-.121	Nevada	+.448
Minnesota	-.117	Vermont	+.533
Maryland	-.109		

Thus, according to SIE, only Alaska did more toward reducing poverty over the years 1969-1975 than Alabama. Indeed, these two States have improved relatively much more than all other States. The pipeline might explain the Alaskan decrease in poverty children, but there are no factual socio-economic or other reasons known to us to explain the 50% reduction in poverty children in Alabama.

Consider the contrast between an ideal and typical major industrial State, Michigan, and an ideal and typical poor State, Alabama. According t the SIE, Michigan had an increase of 14.2%, corresponding to an increase from 220,485 to 251,710 poverty children, while Alabama had a reduction of about 50% corresponding to a decrease from 272,146 to 136,210 poverty children -- a "swing" of 167,161 children between the two States. These figures depart from expectations so markedly that those familiar with the economics of the two States should question seriously these numbers.

A direct comparison may be drawn between Florida and Alabama and the contrast between these two States and the remainder of the Southern States. When only the 12 Southeastern States are considered, the separation of Alabama and Florida, in opposite directions from their regional neighbors is very apparent. The ordered values of Y are reproduced below.

State	Y
Alabama	-.499
Arkansas	-.316
North Carolina	-.292
Louisiana	-.288
West Virginia	-.285
Virginia	-.273
Mississippi	-.257
Tennessee	-.202
South Carolina	-.199
Kentucky	-.183
Georgia	-.133
Florida	+.277

Economic indicators point to Southeastern States raising living standards and income levels. These indicators also point to Alabama being similar to its regional neighbors. Over the six-year period, between 1970 Census and SIE, there was no significant in-migration of industry into Alabama from States that had poverty increases. Even had there been such a migration, Alabama would not be affected more than the rest of the Southeast. Yet, the SIE data indicated Alabama's improvement was significantly (statistically or by any standard) better than all other States in the Southeast. Standard statistical tests for outliers demonstrate that of these 12 Southeastern States there are 2 outliers of SIE estimates, Florida on the higher poverty side and Alabama on the lower poverty side. If Alabama's significantly greater decrease in poverty children is unexplainable by "physical" forces when compared with the other Southeastern States, then it could be due to the random uncertainties involved in the household selection for the SIE as discussed previously.

Because the defined poverty threshold is discrete, a slight increase, even of one dollar, could transform a poverty family into a non-poverty family. The SIE estimate would be explainable if over the six-year period between the census and the SIE, programs in Alabama had been designed to raise families just barely across the poverty threshold.

Supporting Evidence on Per Capita Income

A more substantial analysis of any economics underlying the SIE estimate for Alabama involves what relationship should exist between per capita income changes in a State and its change in poverty children. It seems reasonable to conjecture that substantial increases in per capita income over a period of time should be accompanied by substantial decreases in poverty, and vice-versa. Thus, if the SIE point estimates for poverty children in Alabama are correct, then we should expect large decreases in poverty over the same period with a large increase in per capita income. In order to examine the relationship between the number of poverty children and change in per capita income in our evaluation of the SIE, we evaluated the percentage change in per capita income from 1969-1974, as most recently reported in the Survey of Current Business (August 1975). This was published by the Bureau of Economic Analysis, United States Department of Commerce. A graph of these data for each State (Y and % change in PCI) is attached as page SIE-12.

The line through the graph is the so called regression line of Y on the % change in PCI, say X, and is actually $Y = .719 - 1.598x$. It can be thought of as an estimating, or predicting, equation for Y, given a value of X. The line is significant statistically ($F = 26.8$ vs. a critical

F of 5.08 at significance level .01) and therefore confirms the conjecture of decreases in poverty being accompanied by increases in per capita income. Note the position of Alabama relative to the line. For Alabama's 55% increase in per capita income, the predicted estimate of the percentage change in poverty is .719 - 1.598 (.55) = -.160. The SIE reports a value of -.499, an enormous difference, equivalent to 92,000 children.

Alabama's increase in per capita income was similar to Florida's; the changes in poverty children reported by SIE for these two States were not similar. Alabama's 49.9% decrease in poverty children, according to the SIE, accompanied a 55% increase in PCI; and, quite in contrast, Florida's 27.7% increase in poverty children, according to the SIE, paralleled a 57% increase in PCI.

The line on the graph is shown with its 99% confidence belt. An SIE estimate for a State outside the belt tends to cast reasonable doubt on the reliability of that State's point estimate, because it is substantially out of line with the predicted value based on per capita income, using SIE and Department of Commerce data on income. There appears to be reasonable evidence to believe that the SIE results, in the case of Alabama, represented a rare statistical event. With this event representing an inaccurate estimate of the number of low-income children in Alabama, we recommend the continued use of the 1970 Census data.

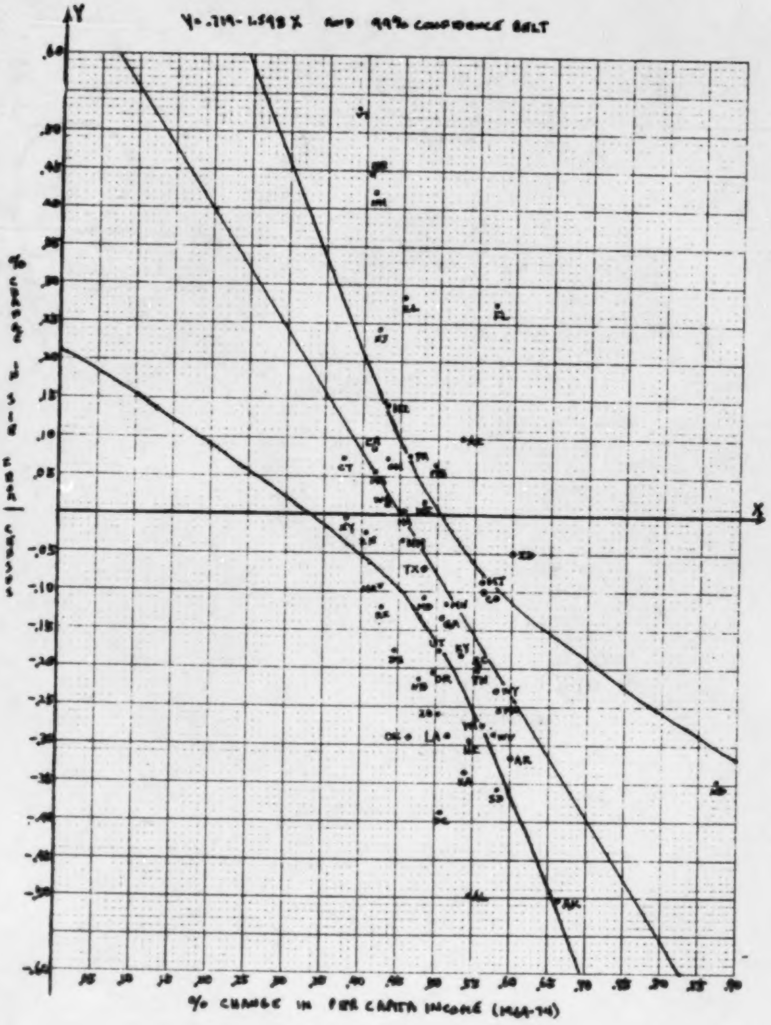
REGIONAL DIFFERENCES IN POVERTY

The attached map indicates by colors the percentage of children, ages 5-17, below the poverty level in U. S. counties according to the 1970 census. The black dots distinguish the counties which were included in the primary sampling units selected by the Survey of Income and Educati

1) The regional nature of poverty in the U.S. is dramatically illustrated by the broad bands of lighter color across the "Sun Belt." Outside the Southeast many States have no counties above the 30-39% level. A large number of wealthier States have no counties above the 20-29% level. A few have no counties above 12.5 - 19.9% low-income children.

2) The relative degree of poverty is illustrated by the fact that a certain color, say the red meaning 12.5 - 19.9% low-income, will in one State appear as a pocket of poverty and in another State as an area of comparative prosperity.

3) The map also shows that poverty is basically a rural problem in the South and an urban problem in the Northeast and Northcentral States. In the South, the urban areas are generally the more prosperous areas; note the islands of blue representing Atlanta, New Orleans, and Dallas - Fort Worth. The dots inidicating counti that comprised the SIE appear to be concentrated in the urban areas of both the North and the South. In the South, that means the survey appears to have been made in the relatively prosperous areas. For example, Alabama has fourteen counties where 50% or more of the children are below the poverty threshold; only 3 of the 14 were included in the SIE's survey. This cannot be considere fair. If the SIE is characteristically urban, the results do not reflect regional differences in the distribution of poverty and should not be used to allocate Title I funds.


Y = .719 - 1.598 X AND 99% CONFIDENCE BELT
Y
X
.60
.50
.45
.40
.35
.30
.25
.20
.15
.10
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.60
.65
.70
.75
.80
.85
.90
% CHANGE IN PER CAPITA INCOME (1969-74)
CT
FL
KY
TX
ID
MT
CO
MD
UT
KY
TN
NY
OK
LA
AR
SD
AK

SIE-12

BADRIG M. KURKJIAN

PERSONAL

Birth Date: October 9, 1919
Birthplace: Boston, Massachusetts

EDUCATION

SB (Math) M.I.T., 1943
MS (Statistics) George Washington University, 1953
PhD (Math Stat) American University, 1960

PROFESSIONAL SOCIETIES

1. Institute of Mathematical Statistics; Associate Secretary for Eastern Regional Meetings (1967-1970)
2. American Statistical Association
3. Biometric Society
4. International Statistical Institute

AREAS OF COMPETENCE

1. Mathematical Statistics
2. Mathematical Principles of Experimental Design
3. Special Functions of Mathematical Physics

TEACHING EXPERIENCE

Instructor in Mathematical Statistics: University College, University of Maryland 1960-1971

Catholic University 1971

HONORS

Phi Kappa Phi (AU Chapter)
Fellow American Statistical Association
AMC Awards:
    Outstanding Performance Rating, 1971, 1972 & 1973
    DA Meritorious Civilian Service Award, 1973

COMMITTEE ACTIVITY

Member Mathematics Panel - Civil Service Commission 1958-1968 (Approx.)
Member Samuel S. Wilks Memorial Medal Committee of American Statistical Association 1971-1972 and 1975-1977; Chairman 1977
Member Committee on Fellows - Washington, D. C. Chapter of American Statistical Association 1974-1975
Member, Army Mathematics Steering Committee 1962-Present
Chairman, Probability & Statistics Sub-Committee of Army Mathematics Steering Committee 1962-1963

EXPERIENCE

Naval Ordnance Laboratory	1946-1947
National Bureau of Standards	1947-1953
Harry Diamond Laboratories	1953-1968
Work at above agencies was devoted to the application of, research on mathematical and statistical methods pertaining to the performance of proximity fuzes and other ordnance type electronic and electro-mechanical devices.	
U. S. Army Materiel Command HQ	1968-1976
The University of Alabama	1976-Present

RESPONSIBILITIES

1. Junior, Journeyman Mathematician from 1946-1953.

2. Section Chief over mathematical group charged with providing mathematical and statistical services to the Laboratories, 1953-1963.

3. Chief of Computer Facility with responsibility for providing computational and mathematical service to the Laboratories, 1963-1968.

4. Chief Mathematician, Army Materiel Command, 1968-1976. Maintains high professional level of mathematical and statistical discipline in all areas of AMC materiel functions in order to provide quantitatively valid bases for decision and courses of action; formulate and advise the CG, and Deputies on policies and programs for applying rigorous mathematical disciplines in AMC materiel programs and activities.

5. Professor of Statistics, The University of Alabama, 1976-Present.

PUBLICATIONS

1. Crout Matrix Theory With Statistical Applications, Unpublished M.A. Thesis at G.W.U., 1953.
2. A General Theory for Asymmetrical Confounded Factorial Experiments, Harry Diamond Report, TR 829, 1960.
3. Factorial Designs and the Direct Product, Bulletin Del'Institut International De Statistique Paris, 1961 (With Zelen).
4. A Calculus for Factorial Arrangements, Annals of Math. Stat., 1962 (With Zelen).
5. Exact Operating Characteristics for Truncated Sequential Life Tests in the Exponential Case, Annals of Math. Stat., 1962 (With Woodall).
6. Application of the Calculus of Factorial Arrangements, I: Block and Direct Product Designs, Biometrika, 1963 (With Zelen).
7. Digital Generation of Band-Limited Gaussian Noise, TM 65-49 Harry Diamond Laboratories, 1965.
8. Application of the Calculus for Factorial Arrangements: Arbitrary Block Designs, Harry Diamond Laboratories, HDL TR 1596, 1972 (With Woodall).
9. Numerous Classified Reports on the tactical performance and other aspects of problems associated with the research, development and testing of large scale Army Materiel systems.

MARVIN J. KARSON

PERSONAL

Birth Date: July 4, 1937
Birthplace: The Bronx, New York

EDUCATION

City College of New York, BBA, 1959 (Statistics)
Johns Hopkins University, MA, 1961 (Operations Research)
New York University, Graduate Study, 1961-63 (Mathematics)
North Carolina State University, 1967, Ph.D. (Statistics)

POSITIONS

Professor of Statistics, The University of Alabama, 1975-Present
Acting Area Chairman of Management Science and Statistics, The University of Alabama, 1975-76
Associate Professor of Statistics, The University of Puerto Rico, Summer, 1973
Associate Professor of Statistics, The University of Alabama, 1972-75
Assistant Professor of Statistics, The University of Michigan, 1967-72
Research Associate, North Carolina Institute of Statistics, Summer, 1968
Teaching Fellow in Statistics, North Carolina State University, 1964-66
Member of Technical Staff, Bell Telephone Laboratories, 1961-63

PROFESSIONAL INTEREST

Teaching and research in statistical theory and methods, inference and designs for linear models, multivariate analysis, applications of statistics to business and economics. Currently teaching (1) statistical methods (for undergraduates), (2) linear statistical models, (3) multivariate analysis

TITLES OF CHAIRED PH.D. DISSERTATIONS

"Secondary Criteria for Use with Minimum Bias Estimation of Response Relationships"
"Estimators and Designs for Stationary Points on Non-Linear Response Surfaces"
"Two-Sample Hypothesis Tests for the Coefficient of Variation"
"The Theory and Practice of Using Confidence Regions to Test the Equality of More Than Two Means"

COMMITTEE ACTIVITIES AT THE UNIVERSITY OF ALABAMA

A. Within the College of Commerce and Business Administration

- Member of Research Committee, 1972-73
- Member of Terminal Degrees Committee, 1972-73
- Member of Ad Hoc Committee to Study Quantitative Methods Requirements in C&BA, 1972-73
- Member of Ad Hoc Committee Studying MBA Degree, Fall 1972
- Member of Undergraduate Programs Committee, 1973-74
- Elected member and vice-chairman of FEB, 1974-75, 1975-76
- Chairman of Ad Hoc Committee Studying C&BA Undergraduate Mathematics Requirements, 1974-75
- Member of MBA Committee, 1975
- Member of Promotion and Tenure Committee, 1976
- Chairman of Terminal Degrees Committee, 1976-77, 1977-78

B. University-wide:

- Elected member of University Council, 1973-74, 1974-75
- Member of Research Grants Committee, 1975-
- Member of University Council Revision Committee, 1975
- Elected member of Faculty Senate, 1975-77
- Chairman of Faculty Senate Committee on Academic Affairs, 1976-77
- Member of Computer Based Honors Program Advisory Committee, 1976-
- Member of Task Force on Athletics and Recreational Facilities, 1977-

PUBLICATIONS

"Statistical Analysis of the Frequency and Severity of Accidents to Potential Highway Carriers of Highly Radioactive Materials," (with F. F. Leimkuhler and J. T. Thompson), Report NYO-9771, United States Atomic Energy Commission, Department of Commerce, Washington, D. C., 1961, 187 pp.

"Bias and Variance Criteria for Estimators and Designs for Fitting Polynomial Response Surfaces," (with R. J. Hader and A. R. Manson), North Carolina State University, Institute of Statistics Mimeo Series No. 510, 1967, 109 pp. (Abstract in Annals of Mathematical Statistics, Vol. 37, No. 4 (1966), 1067).

"Introductory Statistical Inference," in Foundations and Tools for Operations Research and the Management Sciences, No. 6707, The University of Michigan, 1967, 35 pp.

"Handbook of Methods of Applied Statistics, Volumes I, II," by I. B. Chakravarti, R. G. Laha and J. Roy, John Wiley, 1967; a review in Journal of the American Statistical Association, Vol. 63, No. 323 (1968), 1047-49.

"Minimum Bias Estimation and Experimental Design for Response Surfaces," (with A. R. Manson and R. J. Hader), *Technometrics*, Vol. 11, No. 3 (1969), 461-475.

"Analysis of Multinomial Data with Partially Informative Categories," (with W. J. Wrobleski), *Proceedings of Business and Economic Statistics Section*, American Statistical Association, (1969), 677-84.

"Design Criterion for Minimum Bias Estimation of Response Surfaces," *Journal of the American Statistical Association*, Vol. 63, No. 322 (1970), 1565-72.

"A Bayesian Analysis of a Binomial Model with Partially Informative Categories," (with W. J. Wrobleski), *Proceedings of Business and Economic Statistics Section*, American Statistical Association (1970), 532-34.

"Some New Statistical Methods for Analyzing Incomplete Brand Preference Data," (with W. J. Wrobleski), Bureau of Business Research, The University of Michigan, 1971, 20 pp.

"Confidence Intervals for Steady State Absorption Probabilities with Application to Estimating Loan Portfolio Reserves," (with W. J. Wrobleski), *Proceedings of Business and Economic Statistics Section*, American Statistical Association (1971), 516-18.

"On the Use of Confidence Regions to Test Hypotheses," (with D. A. Jones), *Journal of Quality Technology*, Vol. 4, No. 3 (1972), 156-58.

"A Manager's Guide to Probability Modeling," (with W. J. Wrobleski), *Michigan Business Review*, Vol. XXIV, No. 3 (1972), 23-30.

"Bayesian Procedures for Allocating Unclassified Survey Sample Responses to Underlying Population Categories," (with W. J. Wrobleski), *Proceedings of Business and Economic Statistics Section*, American Statistical Association (1972), 340-45.

"Minimum Bias Estimation in Experimental Design Applied to Univariate Polynomial Models," (with R. J. Hader and A. R. Manson), North Carolina State University, Institute of Statistics Mimeo Series No. 826, 1972, 38 pp.

"Comparison Data in Public Sector Bargaining," (with R. I. Bloch), *Journal of Urban Law*, Vol. 50, No. 4 (1973), 717-28.

"A Statistical Analysis of Economic Development and Income Inequality in a Depressed Region," (with C. M. Ellis), *Proceedings of Business and Economic Statistics Section*, American Statistical Association (1973), 344-49.

"Using Integrated Mean Square Error to Select an Estimator for Response Surface Stationary Points," (with G. M. Mullet), Georgia Institute of Technology, MS-74-1, 1974, 20 pp.

"Design Criteria and Minimum Bias Estimation," (with M. L. Spruill), Communications in Statistics, Vol. 4, No. 4 (1975), 339-55.

"Canonical Correlation in a Market Segmentation Study of Commercial Bank Services," (with R. L. Fitts), Proceedings of Business and Economic Statistics Section, American Statistical Association (1975), 321-27.

"Measuring Rates of Change," a letter in The American Statistician, Vol. 29, No. 4 (1975), 174-175.

"Confidence Intervals for Absorbing Markov Chain Probabilities Applied to Loan Portfolios," (with W. J. Wrobleski), Decision Sciences, Vol. 7, No. 1 (1976), 10-17.

"Canonical Correlation in a Market Segmentation Study of Commercial Bank Services," (with R. L. Fitts), Journal of Economics and Business, Vol. 29, No. 2 (1977), 116-22.

"MVBFS: A Program Using the Multivariate Behrens-Fisher Solution for Conditional Deletion in 2-Group Discriminant Analysis Models," (with C. H. Paksoy, C. E. Ferguson, and T. Martell), a computer abstract in Journal of Marketing Research, Vol. XIV, No. 2 (1977), 245.

"Testing Equality of Two Coefficients of Variation," (with E. G. Miller), Proceedings of Business and Economic Statistics Section, American Statistical Association (1977), to appear.

PROFESSIONAL MEMBERSHIPS AND OTHER ACTIVITIES

American Statistical Association
Institute of Mathematical Statistics
Alabama Chapter of American Statistical Association
Reviewer for Mathematical Reviews
Referee for Journal of American Statistical Association, American Statistician, Journal of Quality Technology, Communications in Statistics
Various consultant positions in the private and public sector

CONCERNS RELATED TO GENERAL ISSUES

INDIRECT COST

Indirect cost is a vital part of Federal Programs at both the State and local level. The implementation of the indirect cost feature of Federal Programs has eliminated a great amount of unnecessary paperwork in both fiscal accounting, inventory record keeping, and staff time and effort records. See Appendix Number G-1, (pages G-5 through G-7) for additional information.

DETERMINING ELIGIBILITY OF PRIVATE SCHOOL STUDENTS

Through both direct correspondence and a Notice published in the Federal Register, August 23, 1976, page 35553, the Office of Civil Rights has indicated that it is the responsibility of the public local educational agency to determine if discriminatory practices are occurring in a private school prior to including students from that private school as participants in a Federally funded program. This is definitely an unrealistic requirement. If a private school must in fact meet certain standards of non-discrimination, then only those schools which have been reviewed and approved by the Office of Civil Rights should be eligible to participate. Such a requirement would duly place the responsibility on OCR, not the local educational agency, to make the eligibility determination. See Appendix Number G-2 (pages G-8 through G-16) for additional information.

CARRY OVER

We strongly recommend the retention of the Tydings Amendment (carry over provision) and advance funding. See Appendix Number G-3 (page G-17) for additional information.

PAPERWORK

We recognize and applaud the efforts of the Congress and the Office of Education toward reducing the paperwork requirements relating to Federal programs. Our hope is that this effort will continue. See Appendix Number G-4, (page G-18) for additional information.

APPENDIX NUMBER G-1

INDIRECT COST

Bureau of the Budget, Circular A-87, May 9, 1968, provides that Federally assisted programs shall bear, in addition to direct cost, their fair share of indirect costs except where authorizing legislation such as ESEA, Title IV, Part B, explicitly restricts reimbursement of such costs. Circular A-87 also establishes uniform principles for determining and distributing costs of Federal grants and contracts and this is the basis for development of indirect cost allocation plans and rates. An indirect cost rate is simply a device for determining in a reasonable manner what proportion of general expenses each grant or contract should bear. It is the ratio between total indirect costs and some direct cost base, commonly either direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditures such as capital outlay or major subcontracts.

Applications for grants and contracts usually involve a request for reimbursement of both direct and indirect costs. Indirect costs are those costs which are not readily identifiable with the activities of the grant or contract but are, nevertheless, incurred for the joint benefit of those activities and other activities and programs of the organization. Accounting, payroll, personnel, budgeting, and purchasing services are examples of services which typically benefit several activities and programs and for which costs may be allocated by means of an indirect cost allocation plan. In theory, all such costs can be charged directly, however, practical limitations and consideration of efficiency in accounting preclude such an approach.

Up to this time, certain Federal grants, such as ESEA, Title I, have prohibited claiming of indirect costs which are arrived at by a straight percentage basis. Budget estimates have had to be documented by an after-the-fact accounting of service provided. In some cases this has resulted in use of time reporting for employees and allocating of funds from as many as eight different grants to defray costs of one position in an accounting office. Not only is the above-described process very cumbersome and costly to administer, but allocation of grant funds to pay for partial positions frequently was a subjective negotiation matter with various program officers. Circular A-87 was issued to provide for uniform government-wide principles for determination and reimbursement of indirect costs through the mechanism of an indirect costs rate.

A study of Alabama's Indirect Cost reveals that ESEA, Title I is paying an estimated $94,963 for FY 1978. If these costs were having to be paid on a direct cost basis, it would amount to $154,060. Items included in Indirect Cost for Title I are: Payroll Section, Personnel Section, Federal Programs Section, Assistant Superintendent, Division Director, Public Information Officer, accounting costs, purchasing data processing, office supplies, and telephone expenses, a minimum of 87 support personnel.

A time sheet would have to be maintained to support Title I's prorata share of the cost for each of these items. The cost of keeping time sheets has not been included in the $154,000 which Title I would have to pay on a direct cost basis. When one considers that some personnel such as Assistant Superintendent, Division Director, Public Information Officer, and others would each have to maintain fifty (50) or more time sheets, you get a picture of the complexity that would be involved by having Title I or other Federal programs pay direct costs. This does not even give consideration to the fact that Title I is receiving about $60,000 in services by sharing Indirect Cost with other programs.

The advantage of an indirect cost allocation plan and rate is that it is a simplified means for determining a fair share for indirect costs of Federal grants and contracts which are acceptable to Federal grantor agencies. We feel that the implementation of the indirect cost feature has eliminated much unnecessary paperwork.

APPENDIX NUMBER G-2

DETERMINING ELIGIBILITY OF PRIVATE SCHOOL STUDENTS

The wording of the Act indicates a strong intention on the part of Congress to provide equitable benefits to children enrolled in private schools. As we began to assist the local educational agencies in the State of Alabama in implementing this feature of the Act, we realized that we needed to know if the provisions of the Civil Rights Act would affect the eligibility of children. When we consulted with Federal officials, we received conflicting information. We decided that we needed clarification from the Secretary of the Department of Health, Education, and Welfare (see letter on page G-12). Mr. Martin H. Gerry, Acting Director, Office of Civil Rights, provided a response (see letter on page G-13). (See copies of four letters attached.) Basically, Mr. Gerry's response was as follows:

1. Educational institutions that are recipients of Federal financial assistance must provide an assurance of compliance with the Civil Rights Act.
2. The institutions must also provide any requested documentation verifying such compliance.
3. Since private schools, per se, are not a recipient of funds under ESEA, Title IV, they do not have to submit HEW Form 441 nor do they have to have prior OCR clearance.
4. The public local educational agency is the actual recipient of Federal assistance and as such must assure that no discriminatory practices occur in the Federally assisted program.

5. Children enrolled in private schools which engage in discriminatory practices cannot participate in a Federally assisted program.
6. The Office of Civil Rights does not maintain a list of private schools approved to participate in Federally assisted programs.

As a follow-up to this correspondence, the Office of Civil Rights has a notice published in the Federal Register, Vol. 41, No. 164 - Monday, August 23, 1976, which contained the same general contents (see copy of Notice on page G-16).

It should be noted that, in effect, this requires the local superintendent of education to:

1. Determine if the private schools are in compliance with the provisions of the Civil Rights Act.
2. Periodically monitor the private schools to assure their continued compliance with the provision of the Civil Rights Act.

We find two problems with the OCR response which we feel should be addressed by the Congress:

1. If only the children and teachers are to participate in a program with no benefits accruing to the private school, why does the status of the school in regard to the Civil Rights Act affect the children's eligibility to participate in the program?
2. If the status of the private school in regard to the Civil Rights Act is a determining factor, certainly the public local educational agency should not be the agency responsible for making that determination.

We feel that the Congress needs to resolve this problem either in the affected ESEA legislation, the General Education Provisions Act, or the Civil Rights Act.

State of Alabama
Department of Education
State Office Building
Montgomery, Alabama 36130

Wayne Teague
State Superintendent of Education

January 21, 1976

Dr. David Mathews, Secretary
Department of Health, Education & Welfare
330 Independence Avenue, S.W.
Washington, D. C. 20201

Dear Dr. Mathews:

In an effort to provide technical assistance to the local school systems in the State of Alabama relative to private school children participating in federal programs, we have contacted several offices within the Department of Health, Education and Welfare. We have received conflicting information from these offices. In summary they have indicated:

1. Only children enrolled in non-public schools which are on an approved list from the Regional Civil Rights Office may participate in federal programs.

2. Only children enrolled in non-public schools which submit HEW Form 441 to the appropriate agency will be eligible to participate in federal programs.

3. All children enrolled in non-public schools are eligible to participate on an "equitable basis" regardless of the compliance of the school in which they are enrolled.

Please advise as soon as possible the requirements, if any, placed upon non-public schools in order for them to participate in federally funded educational programs. Your assistance in this matter will be greatly appreciated.

Sincerely yours,

Wayne Teague
State Superintendent of Education

WT/lm
cc: Dr. Elam Hertzler
Dr. Joffre Whisenton
Mr. Dwight Crum

APR 12 1976

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

APR 8 1976

The Honorable Wayne Teague
State Superintendent of Education
State Department of Education
Montgomery, Alabama 36130

Dear Wayne:

Thank you for your letter concerning requirements placed upon nonpublic schools in order for them to participate in federally funded programs.

I regret that you have received conflicting information from sources within the Department. I asked Mr. Martin H. Gerry, Acting Director, Office for Civil Rights, to prepare a report on the matter discussed in your letter. Mr. Gerry's report is enclosed.

Thank you for bringing this matter to my personal attention, and I hope you will let me know whenever I can be of assistance.

Cordially,

David Mathews
Secretary

Enclosure

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

APR 7 1976

REPORT ON NONPUBLIC SCHOOLS PARTICIPATING IN FEDERAL PROGRAMS

This report is in response to the questions raised in the letter of January 21, 1976, which State Superintendent Wayne Teague of Alabama wrote to you concerning the participation of nonpublic school children in Federally-assisted programs.

Title VI of the Civil Rights Act provides as follows:

> No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity which receives Federal financial assistance.

Any educational institution or system which applies to become a recipient of Federal financial assistance is required by the Office for Civil Rights (OCR) to submit an assurance of compliance form (HEW Form 441). In addition, the Office for Civil Rights requires such an applicant to provide adequate documentation relating to the policies and practices of participating institutions in order to show that the program receiving Federal assistance will not be administered in a discriminatory manner.

Superintendent Teague is asking whether OCR requires any information or documentation from a nonpublic school in order to determine that children enrolled in that nonpublic school were eligible to participate in a Federally-assisted program being administered by a public school or agency.

If the nonpublic school were a recipient of Federal financial assistance, apart from the Federally-assisted program administered by the public school, then the nonpublic school would be subject to the requirements, noted above, to submit a HEW Form 441 and other documentation. However, as we understand Mr. Teague's question, the nonpublic school is assumed not to be a recipient of Federal financial assistance; it merely seeks eligibility for its students to participate in the Federally-assisted program of the public institution.

In this instance, OCR would not require a HEW Form 441 from the nonpublic school. Rather, OCR would require the public institution which is the recipient of Federal assistance to provide that form and the documentation referred to above. The recipient would be responsible for making sure that no discriminatory practices occurred in the Federally-assisted program and, if any questions arose in this regard, OCR would look to the recipient for further information or compliance activities.

It should be emphasized, however, that the children enrolled in the nonpublic school cannot participate in the public school program if the nonpublic school engaged in discriminatory practices prohibited by Title VI. Even though the nonpublic school is not a recipient, any discriminatory practices by it would, in our view, directly affect the Federally-assisted program.

Mr. Teague also asked whether OCR maintains a list of approved nonpublic schools for this purpose. Although the Regional Offices would be able to provide information about those schools which have become the subject of a review, OCR does not maintain a list, as such, of approved nonpublic schools and we do not require a nonpublic school to be so listed in order that children enrolled there can participate in public school programs in the manner stated by Mr. Teague.

Should Superintendent Teague need further information, I suggest that he write directly to:

Mr. William Thomas
Director, Office for Civil Rights - Region IV
Department of Health, Education, and Welfare
50 Seventh Street, N. E.
Atlanta, Georgia 30323

Martin Gerry

Martin Gerry
Acting Director
Office for Civil Rights

Office for Civil Rights

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Report on Nonpublic Schools Participating in Federal Programs

This Report is in response to questions concerning the participation by children enrolled in a nonpublic school in federally assisted programs administered by a public school.

Section 601 of Title VI of the Civil Rights Act of 1964 provides as follows:

> No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity which receives Federal financial assistance.

Any educational institution or system which applies to become a recipient of Federal financial assistance is required by the Office for Civil Rights (OCR) to submit an assurance of compliance form (HEW Form 441). See 45 CFR 80.4. In addition, the Office for Civil Rights requires such an applicant to provide adequate documentation relating to the policies and practices of participating institutions, in order to show that the program receiving Federal assistance will not be administered in a discriminatory manner.

The issue addressed here in whether OCR requires any information or documentation from a nonpublic school in order to determine that children enrolled in that nonpublic school are eligible to participate in a federally assisted program being administered by a public school or agency.

If the nonpublic school were a recipient of Federal financial assistance, apart from the federally assisted program administered by the public school, then the nonpublic school would be subject to the requirements, noted above, to submit a HEW Form 441 and other documentation. However, if the nonpublic school is not to be a recipient of Federal financial assistance, but merely seeks eligibility for its students to participate in the federally assisted program of the public institution, OCR does not require HEW Form 441 from the nonpublic school. Rather, OCR requires the public institution which is the recipient of Federal assistance to provide that form and the documentation referred to above. The recipient school is responsible for making sure that no discriminatory practices occur in the federally assisted program and, if any questions arise in this regard, OCR looks to the recipient for further information or compliance activities.

It should be noted, however, that the children enrolled in the nonpublic school cannot participate in the public school program if the nonpublic school engages in discriminatory practices prohibited by Title VI. Even though the nonpublic school is not a recipient, any discriminatory practices by it would, in our view, directly affect the federally assisted program.

Although the Regional Offices of OCR will be able to provide information about those schools which have become the subject of a compliance review, OCR does not maintain a list, as such, of approved nonpublic schools and we do not require a nonpublic school to be so listed in order that children enrolled there can participate in public school programs.

If there are any questions they should be sent to the appropriate Regional OCR Director. Their names and addresses are as follows:

REGION I—CONNECTICUT, MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND, VERMONT

Mr. John G. Bynoe, Director, Office for Civil Rights, Region I, Department of Health, Education, and Welfare, RKO General Building, Room 601, Bulfinch Place—Government Center, Boston, Massachusetts 02114.

REGION II—NEW JERSEY, NEW YORK, PUERTO RICO, VIRGIN ISLANDS

Ms. Barbara Walker, Acting Director, Office for Civil Rights, Region II, Department of Health, Education, and Welfare, 26 Federal Plaza—Room 3908, New York, New York 10007.

REGION III—DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, PENNSYLVANIA, VIRGINIA, WEST VIRGINIA

Mr. Dewey E. Dodds, Director, Office of Civil Rights, Region III, Department of Health, Education, and Welfare, Gateway Building, 3535 Market Street, Post Office Box 13716, Philadelphia, Pennsylvania 19101.

REGION IV—ALABAMA, FLORIDA, GEORGIA, KENTUCKY, MISSISSIPPI, NORTH CAROLINA, SOUTH CAROLINA, TENNESSEE

Mr. William Thomas, Director, Office for Civil Rights, Region IV, Department of Health, Education, and Welfare, 50 Seventh Street, N.E., Atlanta, Georgia 30323.

REGION V—ILLINOIS, INDIANA, MICHIGAN, MINNESOTA, OHIO, WISCONSIN

Mr. Kenneth A. Mines, Director, Office for Civil Rights, Region V, Department of Health, Education, and Welfare, 300 South Wacker Drive—8th Floor, Chicago, Illinois 60606.

REGION VI—ARKANSAS, LOUISIANA, NEW MEXICO, OKLAHOMA, TEXAS

Ms. Dorothy D. Stuck, Director, Office for Civil Rights, Region VI, Department of Health, Education, and Welfare, 1200 Main Tower Building—Room 980, Dallas, Texas 75202.

REGION VII—IOWA, KANSAS, MISSOURI, NEBRASKA

Mr. Taylor D. August, Director, Office for Civil Rights, Region VII, Department of Health, Education, and Welfare, 12 Grand Building, 12th & Grand Streets—7th Floor, Kansas City, Missouri 64106.

REGION VIII—COLORADO, MONTANA, NORTH DAKOTA, SOUTH DAKOTA, UTAH, WYOMING

Mr. David Florence, Director, Office for Civil Rights, Region VIII, Department of Health, Education, and Welfare, Federal Building, 1961 Stout Street—Room 11037, Denver, Colorado 80202.

REGION IX—ARIZONA, CALIFORNIA, HAWAII, NEVADA

Mr. Floyd L. Pierce, Director, Office for Civil Rights, Region IX, Department of Health, Education, and Welfare, 760 Market Street—Room 700, San Francisco, California 94102.

REGION X—ALASKA, IDAHO, OREGON, WASHINGTON

Ms. Mariajna Kiner, Director, Office for Civil Rights, Region X, Department of Health, Education, and Welfare, Arcade Plaza Building, 1321 Second Avenue, M/S 187, Seattle, Washington 98101.

Dated: August 16, 1976.

MARTIN H. GERRY,
Director, Office for Civil Rights.

[FR Doc.76-24656 Filed 8-20-76;8:45 am]

APPENDIX NUMBER G-3

CARRY OVER

The Tydings Amendment, which gives educational agencies the authority to carry money over from one year to the next, has helped educational agencies to be able to adequately plan for programs. Even though we now have advance funding, this provision is needed to allow for more flexibility, greater planning capabilities, and more appropriate use of available Federal dollars. We urge the extension of the carry over amendment.

APPENDIX NUMBER G-4

PAPERWORK

The accomplishments of the Subcommittee on Elementary, Secondary, and Vocational education in reducing paperwork are applauded by all educators. The efforts of the Chairman and members of this Subcommittee have already brought forth a reduction in paperwork. We commend the members of this Subcommittee for their efforts and take note of the October 6, 1977, Congressional Record, (E-6146) indicating the reduction in paperwork.

Each person at the Federal, State, and local level must be continuously aware that studies, surveys, and other such endeavors create paperwork which results in a reduction of time teachers spend in classroom instruction. We commend the members of this Subcommittee for their efforts and pledge our support to reducing paperwork requirements to the minimum at the State level.

CONCERNS RELATED TO ESEA, TITLE I
(P. L. 89-10, As Amended by P. L. 93-380)

TITLE I FORMULA

We urge that the use of AFDC children be deleted from the current Title I formula and that all other aspects of the formula remain the same. See Appendix Number I-1, (page I-15) for additional information.

FULL FUNDING

The Title I program at the local education agency level should be full funded for one basic purpose -- to serve more of the eligible children who need the activities/services Title I can and should provide. Currently, priorities must be set at the local level and automatically eliminate many eligible children from the program. See Appendix Number I-2, pages I-16 and I-17) for additional information.

FUNDING AT STATE DEPARTMENT OF EDUCATION LEVEL

The 1% or $150,000.00 (whichever is greater) funding at the State Department of Education level is completely inadequate to fulfill the task as prescribed in the law. Inflation is a major factor as well as such newly assigned tasks as administration of P. L. 81-874 low-rent housing funds, and more involved, time-consuming evaluation process. We recommend that funding at the State Department of Education level be raised to 1.5 to 2% of the total State allocation for Title I. See Appendix Number I-3, (page I-18) for additional information.

SUPPLEMENTAL FUNDING FOR URBAN AND RURAL LOCAL EDUCATION AGENCIES

The need is recognized for additional support for urban and rural local educational agencies. We recommend that supplemental funding for these local educational agencies be considered on the basis of local education agencies that have 25% children from low-income families or 20,000 children from low-income families. See Appendix Number I-4, (page I-19) for additional information.

CORRELATION BETWEEN POVERTY AND EDUCATIONAL DEPRIVATION

In the State of Alabama there is a high correlation between the degree of poverty and educational achievement of students and adults. We recommend that Title I funds continue to be distributed on the basis of number of children from low-income families. See Appendix Number I-5, (pages I-20-I-23) for additional information.

PARENT ADVISORY COUNCILS (STATE LEVEL)

We are aware that the current law does not require PAC's at the State level. Certain individuals and groups are working toward this goal. We do not see mandated-by-law State level PAC's as having a great positive impact on what happens to the target children at the local level. See Appendix Number I-6, (page I-24) for additional information.

PARENT ADVISORY COUNCILS (BUILDING LEVEL)

The requirements of a PAC at each participating school is false economy, a waste of funds and unequal representation. Some building level Title I programs are staffed by less than one full-time Title I teacher; many others have only one Title I teacher.

The situation could be corrected by a zone method of PAC participation or by setting a minimum number of Title I teachers at the building level before a PAC is formed. See Appendix Number I-7, (pages I-25 and I-26) for additional information.

PARENT ADVISORY COUNCILS (DISTRICT LEVEL)

The regulations require a district-wide PAC for participation in Title I. Parental involvement is a valued concept, especially at this level. We do not recommend any changes in this area. However, we do not encourage the broadening of the district PAC power or authority. See Appendix Number I-8, (page I-27) for additional information.

PHASE-IN PROGRAMS (KINDERGARTEN)

Phase-in programs (kindergarten in Alabama) represent an increased educational effort at the State level and should be encouraged. [However, in too many cases this is not the end result.] Some States have been reluctant to enter into a phase-in program because of supplanting and comparability as defined in ESEA, Title I. See Appendix Number I-9, (page I-28) for additional information.

OTHER DUTIES FOR TITLE I TEACHERS

Title I teachers are not allowed to perform their fair share of non-teaching duties such as hall and bus duty, lunchroom supervision, etc., nor are they to be assigned a homeroom.

We contend that these duties, when they do not occur during regular teaching hours, should be shared equally among all teachers regardless of the source of funds. Such duties are not to be in conflict with the normal accepted teaching time for Title I teachers. See Appendix Number I-10 (pages I-29 and I-30) for additional information.

COMPARABILITY

The criteria for exhibiting comparability leave a good bit to be desired. The current tolerance of 5% should be raised to 8 to 10%. The present manner of salary reporting is detrimental to building level leadership. Salaries should be reported according to the base salary with premium pay for advanced degrees excluded. A simpler method would be to eliminate this item and simply report teacher-pupil ratio. Phase-in kindergarten programs, such as those in Alabama, pose a real problem because comparability almost mandates which school shall receive these units. This problem could easily be solved by excluding phase-in programs from comparability for a given number of years. See Appendix Number I-11, (pages I-31 and I-32) for additional information.

P. L. 81-874 LOW-RENT HOUSING FUNDS

These funds are earmarked to be spent as if they were Title I funds. The arrangement of P. L. 81-874 as the source of funds with Title I rules and regulations applying should be added to the Title I base allocation, or, if this is not possible, added to the base P. L. 81-874 funds and spent at the local education agency accordingly. See Appendix Number I-12 (page I-33) for additional information.

NEGLECTED OR DELINQUENT CHILDREN

These neglected or delinquent children are directly designated by regulations as participants in Title I services, or the local education agency must allow the funds they generate to revert to the Federal government.

We recommend that the regulations be changed to exclude these children from special recognition and privileges under Title I. The basic rule of Title I should apply to all educationally deprived children on an equal basis.

Children of parents having an annual income below the poverty index also generate Title I funds, yet some of these are not served by the program. See Appendix Number I-13, (pages I-34 and I-35) for additional information.

HANDICAPPED CHILDREN P. L. 89-313

The advent of P. L. 94-142 All Handicap Act should exclude these children from participating in Title I. These children are eligible for duplicate services funded from Federal sources. We recommend that these children be fully served by P. L. 94-142 services. See Appendix Number I-14, (pages I-36 and I-37) for additional information.

APPENDIX NUMBER I-1

TITLE I FORMULA

We support the continued use of the current Title I formula with only one change; the elimination of the AFDC children above the poverty line. With the exception of the AFDC component, the current formula, in our opinion, is the fairest and most equitable formula that has been developed for distribution of Title I funds. It is true that a few States lost money when the current formula was implemented. This loss was brought about as a result of the impact that AFDC had on the old formula. By deleting AFDC from the current formula, only eleven States will receive a reduction of Title I funds. The AFDC count is so inaccurate and eligibility varies so much from State to State that we can think of no justification for including AFDC in the current formula. AFDC data was included as an "updating" factor in the original formula. It is in fact only "updating" the count for eleven States and thereby penalizes the remaining 39 states.

APPENDIX NUMBER I-2

FULL FUNDING

The success of Title I in meeting the educational needs of target children is most apparent despite its not being full funded. Some 50 to 55% of the eligible children are not receiving services due to limited funding. Full funding is necessary if all the eligible children are to be served -- there is some doubt whether full funding without an increase in the total appropriation will provide sufficient funds to serve all of the eligible children.

Inflation and rising energy costs have made the recognized competition of State and local funds for education more intense. Many local systems have had to reduce the Title I enrollments due to lack of funds.

Historically, the Federal government has had the major responsibility for providing compensatory education services for disadvantaged children. Therefore, it is appropriate that the full funding commitments be honored at the Federal level and that more realistic funding levels be authorized in the future.

Funding at a reduced level places local education agency leadership in the untenable position of having to deny services to identified target children. Parents do not readily accept any rationale for the exclusion of services for their children. Such situations ultimately are reflected in the defeat of local and State tax measures which are designed to finance education on the local level.

If the ultimate goal, the education of all capable children, is to be attained, then the expanded full funding of Title I must be the number one priority at the Federal level.

Serious consideration should be given to including a "cost of living" increase each fiscal year in the total allocation to offset inflation. Without this annual increase, an annual decrease in pupil services is inherent in each local education agency.

By all means, retain the Tydings Amendment (carryover provision) and advance funding in the Act.

APPENDIX NUMBER I-3

FUNDING AT STATE DEPARTMENT OF EDUCATION LEVEL

The present legislation funds state administration of Title I at 1% of the State allocation or $150,000.00 (whichever is greater.)

The ever-increasing demand for more and more enforcement of regulations make it imperative that funds available for State administration be increased to 1.5 to 2% of the total State allocation for Title I. These added responsibilities include: enforcement of more and more regulations; implementing new evaluation criteria; monitoring comparability; enforcing additional PAC involvement; providing technical assistance and leadership to significantly increased involvement of the local education agencies; and administration of P. L. 81-874 low-rent housing program.

Other factors indicative of increased funding at the State level include: increased staff to expedite the added responsibility; increased salaries of staff; increased social security and retirement payments; increased cost of materials, supplies, equipment, etc.; and the general shrinking purchasing power of the funds.

If the full administrative responsibility of the State Department of Education is to be accomplished, the funds necessary to expedite these tasks must be forthcoming.

APPENDIX NUMBER I-4

SUPPLEMENTAL FUNDING FOR URBAN AND RURAL LOCAL EDUCATION AGENCIES

We support supplemental funding for urban and rural local educational agencies with a high concentration of children from low-income families. In a recent article in the September 12, 1977, issue of Newsweek, Page 62, it was noted that "Nearly 5 million children -- 10 percent of the public-school population -- attend school in the classrooms of the big U. S. cities. Yet, the education these children receive amounts to a national scandal."

An equivalent number of children attend rural local educational agencies with somewhat similar results. Both the urban and rural students need supplemental support to assure they are provided maximum educational opportunities.

We recommend that the committee consider using two cut-off points, i.e., number and percent of children from low-income families to determine eligibility to participate in the supplemental program.

Our study of the 1970 census data for all the counties in the United States indicates that a cut-off at 20,000 low-income children would include 45 counties and the District of Columbia, a total of 2,115,589 children. Approximately the same number of children (2,046,505) would be added by including other counties which have a poverty rate of 25% or more (1041 counties).

APPENDIX NUMBER I-5

CORRELATION BETWEEN POVERTY AND EDUCATIONAL DEPRIVATION

There is a high correlation between the degree of poverty and educational achievement. The attached map (Page I-22) depicts the counties in Alabama, color coded by degree of poverty. In each county there are two calculations -- one indicating grade equivalency (GE) and one indicating percentage (%) of persons twenty-five years of age or over with less than the equivalent of five years schooling. The grade equivalency is based upon the California Achievement Test as of May, 1977 for eighth-grade students. In almost every county, the grade equivalency is lower and percentage of illiteracy is higher as the poverty level increases.

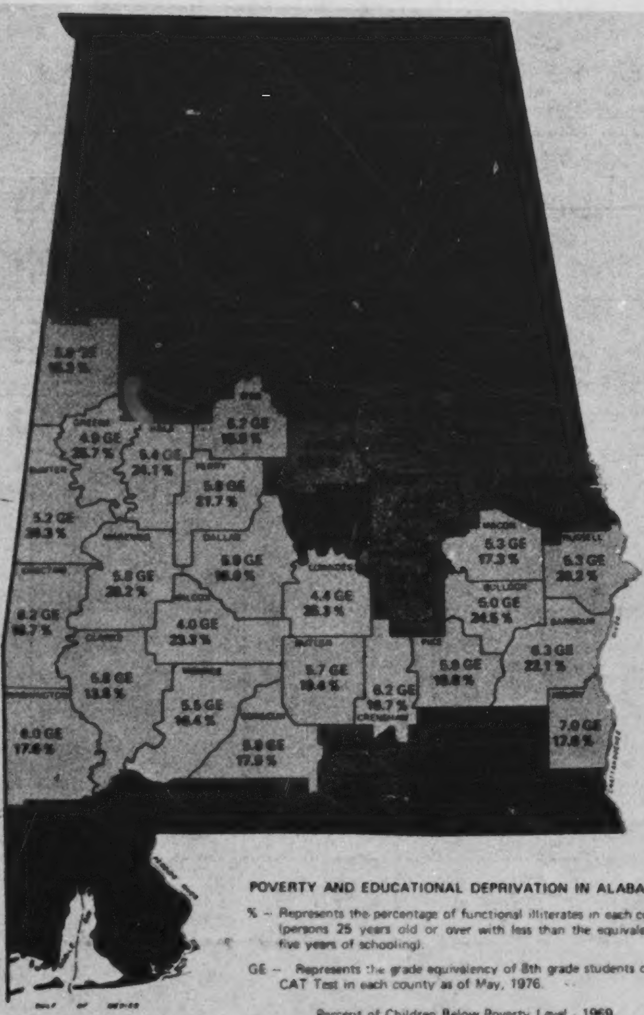
The two wealthiest counties in the State, Madison County in the extreme North Central and Dale County in the Southeast corner, are among the highest grade equivalency and the lowest percentage illiteracy. Counties colored light yellow with a poverty level of 50% and over are the counties with the lowest grade equivalency and the highest percentage of adult illiterates.

The attached chart (Page I-23) illustrates the relationship between poverty and educational deprivation in Alabama. The achievement test results for eighth grade students have been posted according to the poverty rate of their counties. Note that the worst test scores are concentrated among the counties that also show the worst economic deprivation. In Alabama, the poverty rate among school-age children ranges from more than 70% for the county at the extreme left side of the chart to approximately 16% on the right.

The number of children from low-income families is utilized to distribute Title I funds and to determine individual school eligibility to participate in Title I. Once an individual school qualifies to participate in Title I, all children in that school are eligible to participate in Title I activities if they are functioning below their grade level. For example, any student in a target Title I school may participate in Title I instructional activities if their achievement level is below grade level. The regulations provide that Title I instructional activities should be provided for those students who reflect a need for instructional activities.

Title I activities in Alabama are concentrated in the elementary grades because there is not enough money to provide instructional services to all grades. Therefore, many students in the upper grades are under-achievers and are not participating in the program. Obviously not all children from low-income families are in need of Title I instructional services since their achievement level is at or above grade level. Not all children whose parents' income is above the poverty level are achieving at their grade level and, therefore, may be participating in the Title I activities.

We feel there is a correlation between educational deprivation and poverty and, therefore, funds should continue to be distributed to local educational agencies based upon the number of children from low-income families and eligible Title I schools should be identified using the low-income families as the selection criteria. We feel equally as strong that, once a school has qualified, all students in that school achieving below grade level and having pressing educational needs should be allowed to participate in Title I instructional activities.


GREENE
4.9 GE
5.4 GE
24.1 %
6.2 GE
PERRY
5.8 GE
21.7 %
SUMTER
5.2 GE
DALLAS
5.8 GE
20.2 %
CHOCTAW
6.2 GE
WILCOX
4.0 GE
23.3 %
CLARKE
5.8 GE
MONROE
5.5 GE
WASHINGTON
17.6 %
17.9 %
LOWNDES
4.4 GE
BUTLER
5.7 GE
6.2 GE
CRENSHAW
PIKE
MACON
5.3 GE
17.3 %
RUSSELL
5.3 GE
BULLOCK
5.0 GE
24.5 %
BARBOUR
6.3 GE
22.1 %
HENRY
7.0 GE
17.8 %
GULF OF MEXICO

POVERTY AND EDUCATIONAL DEPRIVATION IN ALABAMA

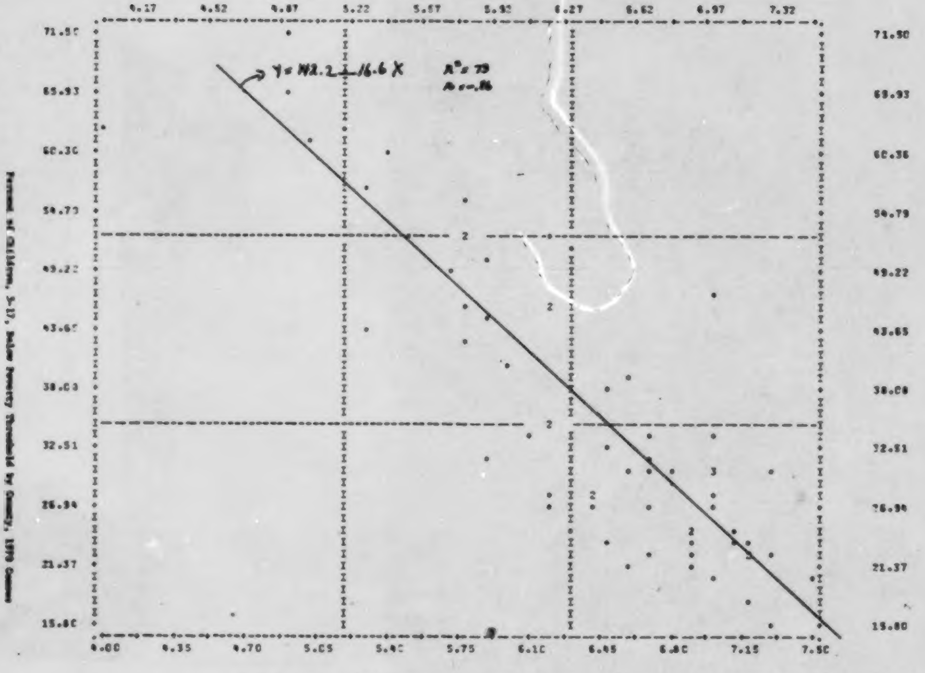
% – Represents the percentage of functional illiterates in each county (persons 25 years old or over with less than the equivalent of five years of schooling).

GE – Represents the grade equivalency of 8th grade students on the CAT Test in each county as of May, 1976.

Percent of Children Below Poverty Level - 1969

- ■ 50% and over
- ■ 40–49.9%
- ■ 30–39.9%
- ■ 20–29.9%
- ■ 12.5–19.9%
- ■ 7.5–12.4%
- ■ Less than 7.5%

CORRELATION BETWEEN POVERTY AND EDUCATIONAL DEPRIVATION IN ALABAMA



In the body of the scattergram numbers mean that several counties coincide.

APPENDIX NUMBER I-6

PARENT ADVISORY COUNCIL (STATE LEVEL)

We are aware the current law does not mandate PAC's at the State level. Certain individuals and groups are working toward this goal. We do not favor a change in the law which would require formal PAC involvement at the State level. We cannot envision State level PAC's as having a great positive impact on what happens to the target children at the district level. Almost without exception, the local education agencies in Alabama have at one time or another complained about PAC members consistently being absent from PAC meetings -- at the building level. In our opinion, this problem would be greatly compounded at the State level, resulting in an ineffective, barely functioning PAC, as is the case in too many local education agencies nationwide.

Other reasons which negate the wisdom of State level PAC's include: the lack of commonality of programs among the various local education agencies; PAC members are volunteers, often employed or having domestic problems which would be deterrent to attendance; some members would have to travel considerable distances to attend statewide meetings; travel and other expenses involved would reduce the funds available for programs for the boys and girls; PAC members could hardly be expected to have a great positive interest in what occurs in a school district in which they have never been -- this could result in the statewide PAC being grossly ineffective or lackadaisical in attitude and function.

APPENDIX NUMBER I-7

PARENT ADVISORY COUNCIL (BUILDING LEVEL)

Currently, the regulations require a PAC at each participating Title I school. Parental involvement is a valued concept, but the present requirement is independent of the number of children participating in Title I programs and the number of Title I staff involved. The expense involved is not, in our opinion, wise or economical in contrast to the same funds being expended for direct services to boys and girls in Title I. One school system in Alabama in the span of one year increased from one district-wide PAC to sixty-nine (69) local PAC's and the same district-wide PAC. Two full-time professional staff members were employed to work with these PAC's - a typical example of rerouting Title I funds away from direct services to boys and girls.

Some building level Title I programs are staffed by less than one full-time teacher and many have only one Title I teacher. Yet, all participating schools must have a PAC. The impact on the Title I program in local schools is drastically out of proportion when one considers the Title I program school by school. We recommend reducing the number of PAC's at the building level by zoning the schools or by grouping the feeder-school's PAC's into a single high school attendance area or by setting a minimum number of Title I teachers at the building level (three or more full-time) before a PAC is required.

Building level PAC participation has not been as consistent or effective as the requirement intended. We are of the opinion such fragmentation inherent to the requirement such as indicated above, i.e., part-time teacher at a school, etc., will never produce the desired results. Fewer PAC's at the building level, in our opinion, will result in a greater interest, participation, and effectiveness.

APPENDIX NUMBER I-8

PARENT ADVISORY COUNCILS (DISTRICT LEVEL)

The regulations require a district-wide PAC for participation in Title I. Parental involvement is a valued concept, especially at this level. We do not recommend any changes in this area. However, we do not encourage the broadening of the district PAC power or authority.

The role of involvement in planning, operation, and evaluation for district level PAC's has been accepted and encouraged by the LEA's. Expansion of authority for these PAC's, which could possibly delay or prevent the approval of the application at the local level, would result in a negative purpose for the boys and girls the program is to serve. Personalities and cross purposes are present in one degree or another in all groups -- to penalize the Title I student participant with such regulations is unrealistic. Legal authority to operate the public schools is vested in the duly elected or appointed board of education. To mandate a PAC sign off before application approval would usurp this legal authority of the local boards of education. Federal laws and regulations in contrast to this authority should not be enacted.

APPENDIX NUMBER I-9

PHASE-IN PROGRAMS (KINDERGARTEN)

When States are in the process of phasing-in educational programs, kindergarten for instance, the Title I regulations should be less stringent in regards to comparability and supplanting. Most States will never be in a position to implement a new program if the phase-in approach is not available. Basically, phase-in programs almost always present problems because certain children/schools will be omitted or included in the initial phases. We find it most difficult to accept requirements which tend to be detrimental to expanded State efforts in education - especially to the point where boys and girls will be denied educational opportunities.

A similar situation in the area of special education was experienced a few years ago. Special consideration regarding comparability was granted in that ths LEA's now have the option to include or exclude special education data when reporting on comparability.

Provisions should be written into the law granting States exemption from supplanting and comparability for an interim period of three to five years to complete phase-in programs.

In our opinion, a phase-in situation merits special consideration, including exemption from supplanting and in comparability reporting.

APPENDIX NUMBER I-10

OTHER DUTIES FOR TITLE I TEACHERS

Currently, Title I teachers are not allowed to perform their fair share of non-teaching duties such as hall and bus duty, lunchroom supervision, etc., nor are they to be assigned a homeroom.

We contend that these duties, when they do not occur during regular teaching hours, should be shared equally among all teachers regardless of the source of funds. Such duties are not to be in conflict with the normally accepted teaching time for Title I teachers.

We concur that Title I teachers should not be assigned non-teaching duties which prevent them from working directly with Title I children, reduce the Title I teaching time, or relieve other teachers from these assignments. The duties in question are over and above the normal teaching assignments and should not prevent a teacher from totally fulfilling her total Title I teaching assignment.

Homeroom in the schools of Alabama occurs before any academic teaching is engaged in by any teacher. Normally this is a 15-20 minute block of time immediately after school convenes to attend to roll call, lunch count, announcements, etc. All children are involved and academic instruction for all children begins after this block of time.

Bus duty is a similar situation in that such duty occurs before school convenes or after school is dismissed for the day.

A Title I teacher assigned to either or both of these duties would not sacrifice any Title I teaching time while fulfilling these duties.

In our opinion, the source of funds should not be a deterrent to certain teachers being a viable part of the entire teaching staff. Staff morale and public relations are extremely difficult to establish and maintain, yet, they are essential to the total success of any school. Placing Title I teachers on this level would not be in the best interest of the Title I boys and girls.

These other duties, if assigned as indicated above, will in no way result in a loss or reduction of State or local funds; nor would these assignments shorten, curtail or reduce the time Title I teachers would otherwise have to fulfill their primary responsibility -- teaching Title I children.

We recommend that this regulation be altered to allow Title I teachers to be assigned their proportionate share of "other duties" when such duties do not interfere with fulfilling their total commitment to the Title I children.

APPENDIX NUMBER I-11

COMPARABILITY

Most educators would be hard pressed to disagree with the philosophy of comparability. However, the criteria imposed by regulations whereby local education agencies must exhibit comparability create extreme hardships for many reporting districts.

The tolerance of the current 5% should be raised to 8 to 10%. A 5% tolerance does not afford enough flexibility when such situations as a part-time teacher's aide will prohibit a given local education agency from exhibiting comparability. An increase in tolerance as indicated above will afford a much more tenable position for reporting local education agencies.

The reporting of salaries presents a problem in that this is detrimental to the efforts of building level leadership that encourages their personnel to work toward higher degrees which, of course, results in higher salaries. This problem could be eliminated by reporting teacher-pupil ratio or the base salary schedule as a measure in this area rather than salaries which include premium pay for advanced degrees.

Phase-in kindergarten programs, reported as any other class, results in problems in exhibiting comparability. The Alabama legislature has recently passed a law instituting a phase-in kindergarten program to be implemented beginning September 1977. Certain local superintendents imply they may refuse these kindergarten units due to problems arising in exhibiting comparability. We find it extremely difficult to accept regulations which tend to be detrimental to expanded State efforts in education -- especially to the point where boys and girls will be denied educational opportunities.

This identical situation was experienced in Alabama in the area of special education the first year comparability was required because of this newly instituted phase-in program. Fortunately, this situation was resolved when comparability regulations were relaxed to allow local education agencies discretion in including or excluding special education from the report.

Regulations governing phase-in programs, especially kindergarten, should afford the local education agency the option to include or exclude such programs (kindergarten) in expediting the comparability report.

The mandate to compare each individual Title I school to the average of all non-Title I schools is unrealistic and does not reflect a true statistical picture. This should be changed to compare the average Title I school to the average non-Title I school within the subject groupings.

State education agencies should be granted discretionary authority to deal with certain extenuating circumstances which arise periodically. The present severity of the penalty for an error in computing comparability is excessive. Returning the entire amount of funds expended in all Title I schools because of a mathematical error or because just one school is not comparable is unfair, punitive, and should be changed.

APPENDIX NUMBER I-12

P. L. 81-874 LOW RENT HOUSING FUNDS

Low-rent housing funds provided under the Impact Aid Program are earmarked for use for ESEA, Title I type purposes only. Unlike other portions of the Impact Aid Program (except handicapped), which can be used by the local education agencies for general education purposes, low-rent housing funds can be used by the local education agency for ESEA, Title I purposes only -- after State Department of Education approval of the application. Funds to administer this part of P. L. 81-874 are not provided to the State Department of Education. Yet, the State Department of Education is required to process 874 applications, monitor local education agency 874 programs, review fiscal reports, and perform many other administrative functions which justify funding to cope with these tasks.

We recommend the retention of these funds, but the arrangement of these 874 funds being controlled by one Federal agency and the program being controlled by yet another Federal agency presents many problems at the district level. These funds should be treated as regular P. L. 81-874 Impact Aid or added to the base grant of ESEA, Title I. The present combination eluded to above is unrealistic and practically unmanageable.

APPENDIX NUMBER I-13

NEGLECTED OR DELINQUENT CHILDREN

While these children live in local institutions (a public or private residential facility) and do indeed generate Title I funds, they are in many cases children functioning on grade level or even excelling in their work. We recommend the termination of recognizing these children as special cases under Title I and recommend that they be treated like any other children for the following reasons:

(1) Many other children (not classified as neglected or delinquent) generate Title I funds and are not eligible for service because they attend non-target schools. This is not so with neglected or delinquent children; they may be served at any school.

(2) The LEA experiences many problems which are not acceptable to the general public when only neglected or delinquent students are being served with Title I funds at a non-target school.

(3) The LEA experiences other problems when the allocation is reduced due to neglected or delinquent students (who generated the funds) functioning above grade level. Neglected or delinquent children functioning on grade level may not be served. Allowing Federal funds allocated to the local education agency to revert back to the Federal government is not very popular at the local level.

(4) Comparability could be a factor with which the local education agency must reckon depending on where these neglected or delinquent students must be served.

(5) We are of the opinion that all children attending a given school district should have equal treatment - at least while they are in the school.

These neglected or delinquent children are directly designated by regulations as participants in Title I services or the local education agency must allow the funds they generate to revert back to the Federal government.

APPENDIX NUMBER I-14

HANDICAPPED CHILDREN P. L. 89-313

There is general agreement among educators and the lay public that handicapped children should have maximum educational opportunities. We support this concept wholeheartedly. However, with the advent of P. L. 94-142 All Handicap Act, we recommend that these children be excluded from being served by Title I funds for the following reasons:

(1) P. L. 89-313 requires a separate application from Title I, which is somewhat duplicate paperwork.

(2) Both programs require a membership count each year, which often reflects a duplicate count of the children.

(3) Regulations do not permit these handicapped children to be served by 94-142 and 89-313; yet, it is extremely difficult to manage this at the local level and more difficult to monitor this from the State level.

(4) All handicapped children counted in the 89-313 membership count must receive some benefit from the program (313). This is physically impossible since the funds are received several months after the count is effected and many of the children will not be attending school at that time.

(5) The total number of these handicapped children in some States is very small (60 in Alabama) and dispersed in many separate school districts (21 in Alabama).

(6) The handicap aspect of these children should relegate them to services under 94-142 if for no other reason than to eliminate duplication of services to the children, duplication of effort at the local education agency, State level, and Federal level, duplication of funding at the Federal level and to reduce the paperwork involved at all levels.

We recommend that these children be fully served by P. L. 94-142 service.

CONCERNS RELATED TO ESEA, TITLE IV
(P.L. 89-10, as amended by P.L. 93-380)

LOCAL EDUCATIONAL AGENCY ADMINISTRATIVE COST IN PART B

Local educational agencies receive no administrative funds under Part B either on a direct or indirect cost basis. Local educational agencies should be allowed to charge indirect cost to Part B. See Appendix Number IV-1, (page IV-15) for additional information.

LOCAL EDUCATIONAL AGENCY SINGLE APPLICATION

The requirement for the local educational agency single application creates problems due to diversity between Part B and Part C. The requirement for the single application should be eliminated. See Appendix Number IV-2, (page IV-16) for additional information.

MAINTENANCE OF EFFORT

The requirements for maintenance of effort in Title IV are confusing, time consuming, and virtually ineffective. The requirements for all Federal programs should be modified so as to be uniform and should be based on total expenditures or total per pupil expenditure. See Appendix Number IV-3, (pages IV-17 and IV-18) for additional information.

ALLOCATION BASED ON "HIGH COST" STUDENTS

The "Rules and Regulations" governing Title IV require that funds received based on the "numbers or percentages of children whose education imposes a higher than average cost per child" must be spent in the schools where these children are enrolled and for the benefit of these children. This takes away from the discretion of the local educational agency to impact these funds in a particularly needy school. The Act should specify that such funds are to be used at the discretion of the local educational agency to meet identified needs. See Appendix Number IV-4, (page IV-19) for additional information.

ALLOCATION BASED ON HIGH TAX EFFORT/LOW EXPENDITURE

The requirement that a substantial amount of the Part B funds be distributed on the basis of high tax effort, but low per pupil expenditure is an unrealistic requirement for the State of Alabama. While supporting the concept, we have no practical means of implementing the requirement. This provision of the Act should be deleted. See Appendix Number IV-5, (pages IV-20 through IV-25) for additional information.

EQUITABLE PRIVATE SCHOOL STUDENT PARTICIPATION

Problems are being encountered in meeting the requirement that children enrolled in private schools be provided equitable benefits and services. The problems are predominant in Part C where school systems are competing for funds. The intent of Congress should be clarified. See Appendix Number IV-6, (page IV-26) for additional information.

STATE ADVISORY COUNCIL FUNCTION

The Act requires that the State Advisory Council advise, evaluate, and report. While we agree that Title IV should have input from a cross section of the citizenry of the State, we do not feel that an advisory group should perform the administrative function of evaluating. The Act should be changed so that the State Advisory Council advises on all aspects of Title IV, including advising on the evaluation of Title IV. The Act should further stipulate that the State educational agency should develop the Annual Report and submit it to the U. S. Office of Education with comments from the State Advisory Council. See Appendix Number IV-7, (page IV-27) for additional information.

STATE ADMINISTRATIVE COST (DECREASE)

The consolidation of the various programs under ESEA, Title IV has resulted in a decrease in amount of funds available for administration of Title IV at the State level. The loss of funds and the increase of costs due to inflation cause a serious problem for States. See Appendix IV-8 (pages IV-28 and IV-29) for additional information.

STATE ADMINISTRATIVE COST (ACCOUNTING)

The State educational agency is now required to account separately for the expenditure of administrative funds under Part B and Part C. Since we in Alabama are attempting to administer Title IV as a consolidated program, the separate accounting of these funds creates an undue paperwork requirement. See Appendix IV-9, (page IV-30) for additional information.

STRENGTHENING LEADERSHIP RESOURCES

Section 431(a)(3) of the Act provides for strengthening the leadership resources of State and local educational agencies. We support the continuation of this program and encourage the increase of funds to offset inflation. See Appendix Number IV-10, (page IV-31) for additional information.

ORGANIZATION OF THE U. S. OFFICE OF EDUCATION

States are having to work through two different Divisions within the U. S. Office of Education on matters related to ESEA, Title IV. This should be eliminated by placing the responsibility for the administration of Title IV in one unit of USOE. See Appendix Number IV-11, (page IV-32) for additional information.

SPECIAL PROJECTS ACT

It would be appropriate to consolidate the purposes included in the Special Projects Act into Part C of Title IV. However, no special limiting factors should be imposed. The individual programs authorized under the Special Projects Act should be treated as Section 807 and Section 808 were in P.L. 93-380.

STRENGTHENING STATE LEADERSHIP IN LIBRARY RESOURCES AND GUIDANCE AND COUNSELING

No portion of Part B should be set aside for strengthening State leadership in library resources and guidance and counseling services. If such resources and services are needed in a State, Section 431(a)(3) funds may be used for this purpose. In addition, funds made available under Part D of Title III of Public Law 94-482 are for this purpose. With the exception of retaining funds necessary to administer the program, Part B funds should be distributed to local educational agencies.

IMPACT OF ESEA, TITLE III

The funding of innovative and exemplary programs under ESEA, Title III has had a great impact on the local educational agencies in the State of Alabama. A study conducted in 1975 provided evidence that projects in Alabama are being continued after Federal funding ends. See Appendix Number IV-12, (pages IV-33 through IV-43) for additional information.

APPENDIX NUMBER IV-1

LOCAL EDUCATIONAL AGENCY ADMINISTRATIVE COST IN PART B

Local educational agencies may not use Part B funds for administrative purposes either on a direct or indirect cost basis. Many local educational agencies are experiencing considerable cost in operating the program, especially where private schools are located within the geographical area served by the local educational agency. One example of such a situation is in Mobile (Alabama) County School System. The Part B allocation for Mobile County for FY 1977 was $178,959. Yet, with no Part B administrative funds, the Mobile County School System had to meet with, determine needs of, and make application for Part B funds for 59 private schools. It should be noted there are only 79 public schools in the public school system. The public school system had to pay for correspondence (paper, stamps, secretarial and clerical staff) and professional staff time from State or local funds to meet with representatives from each of these schools to determine how Part B services could be provided on an "equitable basis" to children enrolled in these private schools. This example illustrates the local educational agency administrative requirements concerned only with private schools. In addition to these, the agency must provide administrative services from State or local funds for the public school aspect of the program. To assist in alleviating the problem, local educational agencies should be allowed to apply their indirect cost rate to their Part B allocation.

APPENDIX NUMBER IV-2

LOCAL EDUCATIONAL AGENCY SINGLE APPLICATION

The Act requires the Annual Program Plan to provide "that local educational agencies applying for funds under any program under this title shall be required to submit only one application for such funds for any one fiscal year." The State educational agency must: (1) develop a single application format for Part B funds (an entitlement program) and for Part C funds (a discretionary or competitive program); and (2) set a single due date for applications. The diverse natures of Part B and Part C make it impractical to have a single application for these two separate parts. The single application requirement complicates rather than eases administrative constraints. Separate applications should be permitted for Part B (entitlement program) and Part C (competitive program). Also, there is no need to have a single closing date for Part B and Part C. Part B is not a competitive program, thus there is no need of a single application due date.

APPENDIX NUMBER IV-3

MAINTENANCE OF EFFORT

The Act (as amended by P.L. 94-482) requires "the State, its local educational agencies, and private schools in such State" to maintain their levels of fiscal effort from non-Federal funds for programs having the same purposes as Part B and Part C of Title IV. Maintenance of effort is determined solely by comparing selected expenditures in the preceding year to selected expenditures in the second preceding year. Problems arise due to:

(a) Staff Time -- An unreasonable amount of local educational agency staff time is necessary to gather data substantiating the selected expenditures for Part B. For example, since only the cost of certain types of items may be included in Part B, the total of the invoices under a certain fiscal account number is within itself not sufficient. An item by item analysis of each paid invoice must be made to determine which items to include and which items to exclude.

(b) Time Frame -- Expenditure data for the preceding year is generally not available until November. However, State educational agencies need to be able to submit their Annual Program Plans to the U. S. Office of Education prior to July 1. The gap of time between July and November creates an unworkable situation. In effect, States are making Part B allocations and local educational agencies are submitting applications prior to data being available to make a determination as to whether fiscal effort has been maintained.

(c) Responsible Agencies -- Another problem with maintenance of effort is that the State as a whole, and not the individual agencies, is held as the responsible entity. One local educational agency may cause the entire State not to maintain effort. If a waiver is not granted, the State as a whole will be penalized.

(d) Lack of Rules and Regulations -- Public Law 94-482 which was signed into law on October 12, 1976, amended the maintenance of effort provisions in ESEA, Title IV and amended the General Provisions Act to incorporate provisions to govern maintenance of effort. Indications are that the "Proposed Rules" will not be issued until sometime in November of 1977.

The problem related to maintenance of effort could be eliminated by amending the Act to allow the State, its local educational agencies, and private schools to exhibit maintenance of effort by total expenditures or on a per pupil basis utilizing all current expenditures from State and local sources. In addition, the comparison should be between the second and third preceding years.

APPENDIX NUMBER IV-4

ALLOCATION BASED ON "HIGH COST" STUDENTS

The Act requires that substantial Part B funds be provided to local educational agencies having "the greatest number or percentages of children whose education imposes a higher than average cost per child." The Title IV Rules and Regulations require that these funds be spent in the schools where these children are enrolled and for the benefit of these children. This requirement goes beyond the law and as such limits the discretion of the local educational agency. In addition, it is very difficult to verify compliance with the Regulation, both from the local and State standpoint. The Regulation should be removed.

APPENDIX NUMBER IV-5

ALLOCATION BASED ON HIGH TAX EFFORT/LOW EXPENDITURE

Many problems arise when we develop a formula in the State of Alabama to provide substantial funds to "local educational agencies whose tax effort for education is substantially greater than the State average tax effort for education, but whose per pupil expenditure . . . is no greater than the average per pupil expenditure."

The first problem arises when one begins to try to answer the question: What is tax effort? There are two basic approaches to answering this question:

1. Tax effort is the ratio of tax revenue to the assessed value of the taxable real property within the geographical area served by the school system; and
2. Tax effort is the rate of tax imposed within the geographical area served by the school system.

Regardless of the definition used, some of the problems which arise are outlined as follows:

Problem 1: Property assessments have not been equalized from county to county within the State of Alabama.

Problem 2: Property assessment data are not broken out by school systems, only by the county unit. (A county may have more than one school system. Likewise, a school system may be in more than one county.)

Problem 3: Many revenues for educational purposes are difficult to define as being "tax effort for education." Differentiation between sources is virtually impossible except by making an arbitrary decision.

For example, it is not difficult to know that an ad valorum tax for educational purposes should be counted. But what about an appropriation from the City Council or County Board of Revenue to a school system? In school systems where this happens, the funds are probably derived from tax sources to the city or county and historically the respective governing bodies have allocated funds for the schools. Should these funds count in the "tax effort for education"? The severity of the problem is evidenced on pages 18-20 in the list of 58 revenue sources identified by local school systems in their Annual Reports.

Problem 4: Several methods are used to divide tax revenues among school systems. These methods are not necessarily based on property value. For example, a one cent county-wide sales tax for education may be divided among the various school systems within the county on the basis of current expense ratio, on the basis of enrollment, or on some other mutually agreed upon method.

Problem 5: Many of the school systems, especially the city school systems, have some of their expenses paid by another governmental agency. For example, the city council may pay the utility bills for some or all of the schools within that school system. These funds do not show up in the school system's Annual Report as being school revenue. Nor are they included in the per pupil expenditure. In certain cases, it is an advantage not to have this included (lowers per pupil expenditure) and in other cases it would be a disadvantage (lowers tax effort). Either way we are having to compare one local school system with another under many different circumstances. Last year we were providing Title IV-B funds at the rate of $2.19 per student in some school systems and $5.79 per student ($2.19 regular + $3.60 tax effort) in other school systems.

The difference could be, and we feel in some cases was, based solely on how utility bills were paid through the local governmental body. Another factor which we also feel should be considered is the extremely low local support in Alabama. The recent U.S. Department of Health, Education, and Welfare, National Center for Education Statistics publication, The Condition of Education, 1977, A Statistical Report, indicates that the revenues of Public Elementary and Secondary Schools in Alabama for the School Year 1975-76 are as follows:

Source	Percent
State	75.6
Local	8.3
Federal	16.1
	100.0

We support equalizing educational opportunities; however, this mandate in the Part B formula creates an impossible situation.

TITLE IV - PUBLIC LAW 89-10
LOCAL TAX EFFORT SOURCES
AS REPORTED IN
ANNUAL REPORT

1. County Regular 4 mill Tax
2. County Special Millage Tax
3. Local Sales Tax
4. Mineral Lease Documentary Tax
5. District Regular 3 mill Tax
6. District Special Millage Tax
7. Appropriations from City Council
8. Appropriations from County Board of Revenue
9. Gasoline Tax
10. City Sales Tax
11. Alcoholic Beverage Control Tax
12. Forestry
13. Tennessee Valley Authority
14. Tobacco Tax
15. Oil Severance
16. Gross Receipts Tax
17. Dog Track
18. Building Tax
19. Interest
20. Non-Classified Items in "Other" or "Transfer" Columns
21. Adult Education
22. Local Donations for Nurse
23. Work Study
24. Insurance
25. NDEA, Title III

26. Pensions and Security
27. Attendance
28. Bonded Indebtedness
29. Troy State
30. Band Boosters
31. Vocational Center
32. Title I Transfer
33. Library
34. Instructional Superintendent - Head Start
35. Reimbursement for Operation
36. Night School Reimbursement
37. Technical School
38. Revenue Sharing
39. Census
40. Tuition
41. Service Charge
42. Supplements
43. Local Capital Outlay
44. Summer School Stadium
45. Special Education
46. Local Rehabilitation
47. Avondale
48. Mini Bus
49. Auburn City Schools
50. Spastic Aid

51. Kilby Prison System

52. University of Alabama, A. J. F. Ingram Technical Institute

53. Marshall Technical School

54. Matching Royalty

55. Textbooks

56. Land Redemption

57. Athletic Association

58. Decatur City Minimum Program Funds

APPENDIX NUMBER IV-6

EQUITABLE PRIVATE SCHOOL STUDENT PARTICIPATION

Part C of Title IV is a discretionary program. Local educational agencies compete for funds to develop innovative solutions to persistent educational problems. In order to remove political aspects and considerations from the funding of Part C projects, many States submit the Part C portions of the Title IV single applications to independent readers. After tabulating the scores, the highest ranked projects are funded until the available funds are depleted. However, if Section 406(a) of the Act is strictly adhered to by local educational agencies, then these local educational agencies which have several private schools are unlikely to ever be funded.

Section 406(a) and Section 406(b) of the Act appear to be contradictory. Section 406(a) indicates that if the needs of public and private school students are different, the local educational agency must make provisions to serve the varying needs on an equitable basis.

Section 406(b) appears to allow a local educational agency to develop a program which will impact on a selected target group. Private school children who are members of such selected groups must be assured equitable participation in the purposes and benefits of such programs or projects.

Apparently, Section 406(a) should apply to Part B, an entitlement program, and Section 406(b) should apply to Part C, a discretionary program. However, the Act as written does not make such a distinction.

We recommend that the Act be revised to designate Section 406(a) as applying only to Part B and Section 406(b) as applying to Part C.

APPENDIX NUMBER IV-7

STATE ADVISORY COUNCIL FUNCTION

Basically, the Act requires that the State Advisory Council perform three functions -- advise, evaluate and report. To accomplish these, the State Advisory Council is empowered to "obtain services of such professional, technical, and clerical personnel and to contract for such other services as may be necessary to enable them to carry out their function under the title . . ." The State Advisory Council should be advisory only. It should advise the State educational agency on the development of the Annual Program Plan and on matters arising in the administration of the program. The evaluation of "all programs and projects assisted under" Title IV should be a function of the State administrative staff with the advice of the State Advisory Council. The State Title IV staff is available and should be utilized by the Council and, therefore, eliminate the need for a council staff. The Annual Report should be developed by the State educational agency and submitted to the U. S. Office of Education with comments from the State Advisory Council.

APPENDIX NUMBER IV-8

STATE ADMINISTRATIVE COST (DECREASE)

One of the reasons for consolidating certain educational programs was to simplify the administration of the programs at all three levels -- USOE, SEA, and LEA. It is agreed that in simplifying the administration, the cost for administration should not be as great. However, the present administrative funds for ESEA, Title IV are considerably less than the total received for the individual categorical programs. The following chart shows the effects of the consolidation.

YEAR	PROGRAM	TOTAL TO LEA's	TOTAL STATE ADM.
FY 1975	ESEA, Title II	$1,442,959	$ 75,945
FY 1975	ESEA, Title III	1,580,033	150,000
FY 1975	NDEA, Title III	444,406	32,709
TOTAL		$3,467,398	$258,654

YEAR	PROGRAM	TOTAL TO LEA's	TOTAL STATE ADM.
FY 1977	ESEA, Title IV-B	$2,377,834	$125,149
FY 1977	ESEA, Title IV-C	1,924,063*	101,267
TOTAL		$4,301,897**	$226,416***

*Does not include $911,857 for purposes of Section 431(a)(3).

**Represents an increase of 24.07% in program funds to LEA's.

***Represents a decrease of 12.46% in State administrative funds.

This decrease of 12.46% in administrative funds accounts only for the loss of dollars and does not include the loss of "buying-power." The dramatic increase in costs for salaries, travel expense, and other items for administration has sharply curtailed our administrative function. As we begin to eliminate some of the administrative functions, the area which will probably be affected (in greatest degree) will be that of technical assistance to the local educational agencies. Additionally, State educational agencies will not be able to carry out their stewardship responsibility to ensure proper expenditure of Federal funds, thus endangering States of having serious audit problems. As administrative funds diminish, the administration of ESEA, Title IV will become more of a paperwork activity. This does not necessarily mean more paperwork; but a limited staff with limited resources will be forced to confine its activities to those bare essentials necessary to keep a program operational.

We feel that a State should be allowed 7 1/2% or $300,000 (whichever is greater) for administration purposes.

APPENDIX NUMBER IV-9

STATE ADMINISTRATIVE COST (ACCOUNTING)

Currently, State departments of education are required to keep separate fiscal accounts for Part B and Part C administrative costs. This means that when the Title IV State Advisory Council meets, we are required to maintain an essentially artificial distinction between Part B and Part C. State Advisory Council members' travel vouchers for reimbursement of travel expenses incurred for attending Council meetings must be prorated between Part B and Part C administrative funds. The Title IV staff members are having to keep time and effort records to verify that their time is being allotted in the same ratio as specified in the approved Annual Program Plan from Part B and Part C funds.

Even when we make copies of the Annual Program Plan for submission to the U. S. Office of Education, we must prorate the printing cost between Part B and Part C. The Act should be amended to allow the consolidation of State administrative costs.

APPENDIX NUMBER IV-10

STRENGTHENING LEADERSHIP RESOURCES

Section 431(a)(3) provides funds to States to utilize in strengthening the leadership resources of State and local educational agencies. The nature of this program is such that States can identify areas of need and utilize these funds to offer either short- or long-range solutions for the identified needs.

Each of the activities conducted under this portion of Part C is designed to enhance the delivery of educational services to students in the schools of Alabama. The activities are multifaceted and involve many State Department of Education personnel. A total of 34 personnel -- 21 professional and 13 clerical -- are supported in whole or in part through these funds.

APPENDIX NUMBER IV-11

ORGANIZATION OF THE U. S. OFFICE OF EDUCATION

We believe that the organization for the administration of ESEA, Title IV at the Federal level must be improved by placing the responsibility for the program in one Division. Such an organizational arrangement would help State educational agencies in their administrative work by having only one person to deal with rather than two. Also, we believe the Office of Education would be more responsive to our request for assistance. Under the current organization of the U. S. Office of Education, Part B is administered by the School Media Resources Branch in the Office of Libraries and Learning Resources, and Part C is administered by the Division of State Educational Assistance Programs. Both units share in the responsibility of administering Part A, the part which sets forth the administrative requirements which State educational agencies must follow. Both units are in the Bureau of Elementary and Secondary Education; however, each unit reports through separate lines of authority. As long as the two parts of Title IV are separated organizationally within OE, the maximum values of consolidation cannot be obtained by State educational agencies.

What is needed is a single authority over the program at the operational level. While we do not recommend legislation to correct this problem, we do recommend that the Committee provide the Office of Education with strong and direct advice on how the program should be organized to administer a consolidated program.

APPENDIX NUMBER IV-12

IMPACT OF ESEA, TITLE III

We in Alabama feel that ESEA, Title III has had a great impact on the education of boys and girls in this State. Most of the evaluation of projects have shown favorable results. In addition, this study conducted in 1975 analysed some of the factors related to the continuance of ESEA, Title III projects after the phase out of Federal funds. The study, conducted by William E. Mellown, Jr., was entitled An Analysis of Continuation of ESEA, Title III Projects in Alabama. Copies of selected appropriate pages of the study are attached.

Program Continuation

This section of the study describes the level of continuation, schools participating in project activities, adoption process, staff members involved in project activities, factors having impact on the continuation of projects, and sources of continued funding. Factors related to the continuance of the objectives were also reviewed.

Level of continuance. Each of the questionnaire respondents was given a copy of the project objectives and asked if the project activities had been continued, and if so, at what level. All respondents agreed on the level of continuation of each of the projects. The level of continuation of each project is shown in Table 2.

Table 2

Level of Continuance of Project Activities After Withdrawal of Federal Funds

System	Percentage of Continuation				
	Less Than 25%	26-50%	51-75%	76-99%	100%
"A"				X	
"B"					X
"C"			X		
"D"					X
"E"			X		

The participants responding to the questionnaire from each of the five school systems indicated that more than 50% of the program activities were continued in each of the school systems after the Title III grant was terminated. Project "A" was continued at the 76% to 99% level. Projects "B" and "D" were continued at 100% of the original project level. Projects "C" and "E" were continued at 51% to 75% of the original project level.

Questionnaire respondents from three of the school systems indicated that less than 100% of their project activities were continued. The superintendents and assistant superintendent interviewed from these three school systems indicated that most project activities were continued because the project objectives were achieved and because of the commitment of the project staff and other school system staff members. The interviewees agreed that the major reason for projects not being continued in their entirety was that the project activities were too expensive for the school systems to continue funding at the same level as they were with Federal funds.

CHAPTER V

Summary, Conclusions, and Recommendations

Summary

The purpose of this study was to identify, describe, and analyze the major factors supporting the continuation of the Title III project activities in selected Alabama school systems. The study was concerned with factors that assisted in maintaining change.

The initial step in the study was a review of the current literature and research to ascertain factors causing change to be maintained. The review of literature was presented in three categories: (a) role of change in education; (b) factors related to change in education; and (c) history of Federal involvement in supporting change in education.

Five school systems were selected for the study by a panel of persons within the Alabama Department of Education. Interviews were conducted in the five selected school systems. Questionnaires, based on the literature, were distributed to persons with knowledge of the Title III project and its continuation. The results of the interviews and questionnaires were analyzed and presented in Chapter IV.

Based upon an analysis of the data obtained through the interviews and questionnaires, the following findings are presented.

1. Three of the five selected school systems continued more than 76% of their Title III activities once Federal funds were withdrawn. Participants were unable to identify specific objectives included in the Title III project application that related to continued activities.

2. Participants in all local school systems indicated the major reason for certain project activities not being continued was the lack of funds. Local funds were used to continue project activities after Federal funds were withdrawn. Availability of local funds was one of the major determinants in the degree of continuation of project activities.

3. According to the participants from the five selected school systems, the number of schools participating in Title III project activities did not decrease

after Federal funds were withdrawn. Four of the five school systems revealed that their project activities had been adopted by other school systems.

4. The number of staff members involved in project activities in one school system increased after the project period. The number of staff members involved in project activities remained the same in two school systems after the project period. The number of staff members involved in project activities decreased in two school systems after the project period. The number of staff members involved in the school systems included in this study, after Federal funds were withdrawn, compares favorably to a Nebraska Title III study (August 1974).

5. Respondents from four of the five school systems indicated project achieved objectives and commitment of professional staff to have had the greatest impact on continuation of the project activities. Project management was also shown to have an important impact on the decision to continue project activities in four of the five school systems.

6. Preparation and use of learning materials was the area indicated by the largest percentage of the respondents as being continued after the project period.

Instructional methodology and staff development activities were indicated as being utilized to a large degree after Federal funds were withdrawn.

7. Inservice was a staffing practice utilized in all the school systems during the project period and after the project period. Project team planning was shown to be a staffing practice that was important during and after the project period.

8. Video tapes were developed by four of the five projects during the project period. After the project period, video tapes were used by three of the five systems. Learning materials developed during the project period and continued after the project period by three systems were audio tape cassettes, games, and simulations. The interviewees indicated that learning materials were developed during the project period and were utilized after the project period. Interviewees pointed out that learning materials were seldom developed after Federal funds were withdrawn.

9. Staff development activities developed during Title III projects were continued after Federal funds were withdrawn. Areas of staff development activities that were continued were assessment techniques, diagnostic and

prescriptive skill development, individualized instructional skills, and the teacher as facilitator. The following instructional methodologies were developed and continued by all four school systems responding to this term: individually prescribed instruction, grouping by skill needs, and community resource utilization.

10. The respondents indicated that positive attitudinal change affected the following individuals or groups in the school to the greatest degree: project teachers, superintendents, other teachers, project administrators, school board members, and principals. Principals were indicated to have had less positive change and three respondents indicated that principals' attitudes did not change at all.

11. Participants indicated that project teachers and superintendents were most instrumental in the success of the project. Project directors were perceived to have been most instrumental in four of the five school systems responding.

Conclusions

The data obtained from the study indicated that the following conclusions are appropriate:

1. Title III proposals submitted to the Alabama

Department of Education should be studied to determine the level of commitment that the central office staff member has toward implementing and continuing project activities. The Alabama Department of Education personnel should attempt to determine the extent to which local staff has planned the change they are anticipating.

2. Staff members of the Title III Section in the Alabama Department of Education should develop a Title III application which gives applicants an opportunity to indicate: (a) their commitment to the ideas presented in the application, (b) the application has been carefully planned, (c) the superintendent and his staff members are committed to implementing the change, and (d) areas of instructional methodology to be emphasized.

3. Staff members of the Title III Section and other appropriate staff members in the Alabama Department of Education should implement procedures to assure the involvement of school building principals and school system supervisors at all levels within the school system.

4. It is recognized that Title III projects assist in initiating changes in the school systems of the State. However, the maintenance of the changes will only be achieved as the State and local personnel become more aware

of the need for change and develop further techniques to assist in the maintenance of change.

5. Persons in leadership positions in education must continue to give careful attention to planned change. There is a need for the Alabama Department of Education to exert more leadership in assuring that Title III projects include factors that help to maintain change.

Recommendations

This section presents the recommendations based upon the findings of this study. The recommendations are:

1. Further study should be undertaken involving a larger number of schools to determine if there are similar factors that contribute to the maintenance of change once Federal funds have been withdrawn.

2. There is a need for a study of the role of the school principals in educational change.

3. A study is needed to determine new ways to further involve persons in leadership positions in bringing about planned change.

NOTE: Material used in Appendix IV-12, Pages IV-34-IV-43 was taken from the doctoral dissertation, University of Alabama, entitled "An Analysis of Continuation of ESEA, Title III Projects in Alabama" by William E. Mellown, Jr., Alabama Department of Education, 1975.

CONCERNS RELATED TO ESEA, TITLE I
(P. L. 89-10 As Amended)
Migrant Education

FULL FUNDING

We recommend the program continue to be fully funded using the age span for children who generate the funds as is currently being employed. The age span involved should continue to be the same as in Title I (5-17). See Appendix Number MEI-1 (page MEI-10) for additional information.

FUNDING OF SUMMER SCHOOL PROGRAMS

The funding level per child participating in summer programs should be larger than regular session participants. Certain extraordinary expenses are inherent in summer programs. See Appendix Number MEI-2 (page MEI-11) for additional information.

PARENT ADVISORY COUNCILS ABOVE THE LOCAL LEVEL

We endorse parent involvement and recognize such involvement as a valued concept. However, Parent Advisory Councils above the local level are unwise and uneconomical. The mobility of the migrant parents make it most difficult to have effective functioning Parent Advisory Councils above the local level. See Appendix Number MEI-3 (page MEI-12) for additional information.

ELIGIBILITY FOR PARTICIPATION REQUIREMENTS

It is recommended that the minimum requirements for establishing eligibility for participation be clearly set forth in the law. There are varying degrees of requirements on all levels (local, State and national) regarding the criteria needed to exhibit eligibility for participation. See Appendix Number MEI-4 (page MEI-13) for additional information.

FORMER MIGRANT PARTICIPATION

We recommend the continued inclusion in the program of former migrant children. This is imperative to assure a smooth, permanent transition into the regular school program. However, we do recommend a reduction in the total number of years of participation for former migrants from five (5) to a maximum of two (2) to three (3) years. See Appendix Number MEI-5 (page MEI-14) for additional information.

NATIONAL OFFICE OF MIGRANT EDUCATION

We cannot endorse the concept of a National office of migrant education.

Too much fragmentation of education already exists at the Federal level. The concept of yet another splinter group would not be in the best interest for the total education program. See Appendix Number MEI-6 (page MEI-15) for additional information.

SPECIAL CONSIDERATION (DAY CARE, PRESCHOOL, POST SECONDARY, VOCATIONAL TRAINING, CAREER EDUCATION, AND ADULT BASIC EDUCATION)

We do not endorse the concept of special consideration for the above-named groups as a part of migrant education. They do not generate migrant education funds and have other funded programs to serve them. See Appendix Number MEI-7 (page MEI-16) for additional information.

HANDICAPPED CHILDREN (P.L. 94-142)

We endorse the concept that all handicapped children should be afforded maximum educational opportunity. Federal funds should certainly be a part of this effort; however, we are of the opinion that such services should be provided from P.L. 94-142 funds. See Appendix Number MEI-8 (page MEI-17) for additional information.

REDUCTION OF PAPERWORK

We recommend that the semi-annual performance and financial reports be discontinued. We further recommend the termination of the requirement which mandates the State Department of Education to submit to the Office of Education copies of local education agency applications and amendments. In our opinion, this is a waste of time, energy, and money with very little, if any, positive results to any of the involved parties. See Appendix Number MEI-9 (page MEI-18) for additional information.

APPENDIX NUMBER MEI-1

FULL FUNDING

Historically, the Federal government has assumed the role of providing supplementary education services for migrant children. Therefore, it is appropriate that the full funding commitments be honored at the Federal level and that more realistic funding levels be authorized in the future. Such funding is necessary if all the eligible target children are to be served -- there is considerable doubt full funding without an increase in the total appropriation will provide sufficient funds to serve all of the eligible children.

The current method of determining funding of the migrant education program has been satisfactory. We do not recommend any changes in the funding formula which would result in a decrease in funding, i.e., expanding the program to include day care, preschool, post secondary, etc. We do recommend that full funding be continued and further recommend that all children legally served by the program be eligible to generate funds.

Serious consideration should be given to including a "cost of living" increase each fiscal year in the total allocation to offset inflation. Without this annual increase, an annual decrease in pupil services is inherent in each participating local education agency.

By all means, the Tydings Amendment (carryover provision) and advanced funding should be retained in the law.

APPENDIX NUMBER MEI-2

FUNDING FOR SUMMER SCHOOL PROGRAMS

The funding level per child participating in summer programs should be considerably larger than those participating in regular school sessions. Certain expenses such as transportation of students to and from school, food service, utilities, etc., are charged to the program in the summer -- during the regular session such is not the case. All of these expenses are considerable but one, transportation is astronomical, and another, utilities with rising energy cost is fast approaching such status.

Every local education agency in Alabama serving migrant children in the summer expends funds (other than Federal) either directly or in kind to assure these children are served. We strongly recommend a higher level of funding for summer migrant education programs. We are of the opinion some programs are in jeopardy of being terminated by the local education agencies if some monetary relief is not assured in the very near future.

APPENDIX NUMBER MEI-3

PARENT ADVISORY COUNCILS ABOVE THE LOCAL LEVEL

The current regulations encourage the establishment of councils at the State level. We endorse parental involvement and recognize such involvement as a valued concept. However, Parent Advisory Councils above the local level are, in our opinion, unwise and uneconomical. The expense involved reduces the total amount of funds available in direct services to boys and girls.

We do not favor a law which would require Parent Advisory Councils at the State or national level. We cannot envision these levels of Parent Advisory Councils as being a great positive impact on what happens to the target children at the local education agency level. Almost without exception, the local education agencies in Alabama have at one time or another complained about Parent Advisory Council members consistently being absent from Parent Advisory Council meetings . . . at the local level. This problem, in our opinion, would be greatly compounded at the State level and be more of a problem at the national level, resulting in ineffective, barely functioning Parent Advisory Councils -- all at a great expense to program funds. The mobility of migrant children's parents is within itself a major deterrent to Parent Advisory Councils above the local level. These people would simply not be available to serve a tenure adequate to reflect the input necessary to assure involvement.

We endorse Parent Advisory Councils at the district level and advise against Parent Advisory Councils at other levels for two major reasons - (1) Statewide and national Parent Advisory Councils will take funds needed for direct services to the target children and (2) the migrant parents, due to frequent moving, will not be available to serve, especially in the receiving States.

APPENDIX NUMBER MEI-4

ELIGIBILITY FOR PARTICIPATION REQUIREMENTS

The minimum criteria necessary to establish eligibility for participation in migrant education programs varies in one degree or another on all levels (local, State and national). Audits by HEW and GAO and the U. S. Office of Education program reviews have consistently questioned the eligibility of children to participate in the migrant education programs. There appears to be little, if any, agreement regarding what constitutes the criteria necessary for eligibility certification. There is a dire need for the establishment from the Federal level, the basic information required for participation in migrant education programs. Such criteria should be set forth in a clear manner and they must relate directly to statutory requirements. Since migrant education funds are directly related to the identification and serving of eligible migrant children, it is most imperative that the minimum criteria for eligibility be established and utilized by all States.

We do not recommend that a complete enrollment form or other such forms be mandated. This should be left up to the individual States as some States utilize an enrollment form which serves a multiplicity of purposes as well as the necessary criteria to establish eligibility.

APPENDIX NUMBER MEI-5

FORMER MIGRANT PARTICIPATION

We strongly advocate the inclusion of former migrant children in the migrant education program. Research reflects that a number of years are required to counter the deficiencies most migrant children have, which are attributed to the constant movement from one school to another in any given year. The orderly transition of the former migrant child from migrant education program to the regular program and/or the Title I program is recognized by most all educators as a problem which can be solved best by a continued modified migrant education program. We recommend the funding of former migrant children programs be reduced from five (5) years to two (2) or three (3) years after such children cease to meet the true migrant eligibility criteria.

APPENDIX NUMBER MEI-6

NATIONAL OFFICE OF MIGRANT EDUCATION

Some have advocated a national office of migrant education -- we cannot, in clear conscience, endorse the establishment of such an office. In our opinion there already exists too much fragmentation of education at the national level. The concept of yet another splinter group would not be in the best interest for the total education program. Migrant education is now and must remain a vital segment of the total educational picture. To form a national office of migrant education and set these children apart from all other children would serve no purpose other than to increase the amount of funds necessary to administer and operate another national education program from the Federal level at a time when competition is already most keen for program funds at the local level. We endorse a cabinet-level department of education that will serve all children who need supplementary services provided at the Federal level and administered at the State level.

APPENDIX NUMBER MEI-7

SPECIAL CONSIDERATION (DAY CARE, PRESCHOOL, POST SECONDARY, VOCATIONAL TRAINING, CAREER EDUCATION, AND ADULT BASIC EDUCATION)

The inclusion of these groups in migrant education could and probably would result in duplicate participant count and the overlapping of funding. These programs are already assigned to an administering agency and reassigning students who are migrants by definition would create undue problems that do not now occur. We strongly concur that these people be served and served well; but, we do not recommend they be given special treatment as a part of the migrant education program.

APPENDIX NUMBER MEI-8

HANDICAPPED CHILDREN (P.L. 94-142)

We strongly endorse the concept that all handicapped children should be afforded maximum educational opportunity. Federal funds should certainly be a part of this effort. We do not support the fragmentation of the efforts to fully serve all handicap children by channeling funds through the migrant education program. All possibilities of duplicate student counts and funding overlapping should be eliminated. The advent of P. L. 94-142, All Handicap Act should exclude these children from migrant education participation. We recommend that these children be fully served by P. L. 94-142 services.

APPENDIX NUMBER MEI-9

REDUCTION OF PAPERWORK

The efforts at the national level toward the reduction of unnecessary paperwork are recognized and applauded. Hopefully such efforts will continue and be expanded. We recommend the termination of the semi-annual performance and financial reports as required by Section 116d.6(c) of the regulations and Section 100b.432 of the General Education Provisions Act. These reports apparently serve little purpose to the program and are, in our opinion, ineffective in program administration. The annual monitoring and technical assistance performed by the U. S. Office of Education, an annual performance and financial report, and the annual evaluation report submitted by the State Department of Education should be adequate in meeting requirements for effective program administration and operation.

The State Department of Education is also required to submit to the U. S. Office of Education copies of all local applications and amendments which have been approved by the State Department of Education, Section 116d.6 of the regulations. It is a duplication of effort and an infringement upon the responsibility of the State Department of Education to submit to the U. S. Office of Education such applications and amendments which have already been approved by the agency (State Department of Education) which is responsible for administering the program, including the approval of local applications and amendments.

This requirement creates unnecessary expenditures of program funds and demands personnel time needed for student services and at the same time produces a huge volume of paperwork which is of questionable value to the U. S. Office of Education.

We recommend that this requirement be terminated.

Dr. KARSON. I am Marvin Karson, Professor of Statistics at the University of Alabama. I am speaking for myself and my associate on my right, Badrig Kurkjian, who is also Professor of Statistics at the University of Alabama. We are indeed pleased to speak before this subcommittee at the request of Dr. Teague and the Alabama Department of Education.

The purpose of this discussion is to present independent evidence that the outcome of the Survey of Income and Education for Alabama may be a statistical outlier or rarity—that is, an outcome that is an extreme manifestation of random variability and which can happen, although infrequently, in any well designed statistical experiment.

I will briefly summarize the main points of our findings.

First, our investigation supports the obvious perhaps, that from the statistical, theoretical and methodological standpoint, the SIE was properly designed, conducted and analyzed using acceptable and standard statistical theory and rigor.

However, this fact alone does not guarantee that the results of such a well designed experiment will be free of error. Incidentally, we would like to point out that reliable estimates of the degree of uncertainty associated with the SIE point estimates of population characteristics are still under preparation. And in fact this observation has also been mentioned earlier this morning in previous testimony.

The specific SIE estimate under discussion is the near 50 percent decline in the number of poverty children in Alabama over the short period from the 1970 census to 1975. This, corresponding to a reduction from 272,146 poor children to 136,210. This estimate change, the greatest in the Continental United States, is so dramatically different from that of Alabama's 11 neighboring southeastern States—for example, Mississippi's estimate decline was 26 percent and Georgia's was 13 percent—that it must be supported and explained by geographic-socio-economic facts and theory to render it credible. If such evidence cannot be found, then, by appeal to the scientific method, its validity must be questioned and further evidence must be gathered to support or refute the estimate.

I wish now to present the independent relevant evidence which sharply conflicts with the SIE estimate for Alabama. This evidence supports the contention that a rare and unexpected event did occur within this survey, leading to a substantial underestimate of the number of poverty children in Alabama.

It seems reasonable to expect that substantial declines in measures of poverty would be accompanied by corresponding substantial increases in per capita income. Per capita income data were available as published by the Bureau of Economic Analysis, U.S. Department of Commerce. These data showed:

First, as might be expected, there exists a significant relationship between the percentage change in poverty famlies and the percentage change in per capita income over the period covered by the 1960 census to the 1970 census for the 50 States and the District of Columbia. These census data for 1960 and 1970 were used to determine this relationship.

Secondly, in this relationship, based solely on census data, Alabama's 10-year change in poverty households virtually coincides with the expected value based on per capita income changes, the relationship predicting a decline of 37.6 percent and the actual decline being 38.1 percent, good agreement indeed. In fact, all the 12 southeastern States are relatively close to their expected values.

Third, and most importantly, we also showed, for all 50 States and the District of Columbia, a significant relationship between the percentage change in poverty children from the 1970 census to the SIE estimate and the percentage change in per capita income for 1969-1974. However, in sharp contrast to the previous analysis, this analysis predicted a 16 percent decline in poverty children for Alabamna, whereas the actual SIE estimate was a near 50 percent decline, a very large and in fact statistically significant difference. In addition, the predicted value of 16 percent is very close to the average changes estimated by the SIE for Alabama's 11 neighboring southeastern States of 18 percent.

These three kinds of additional and relevant evidence suggest that the SIE estimate, which, unlike the census data, is subject to the error inherent in random sampling, may have unwittingly suffered from a significant underestimate of the true number of poverty children from Alabama. Such an underestimate could have occurred if, by "the luck of the draw," the households randomly selected in the SIE contained a disproportionate number of nonpoverty families, compared to their actual representation in Alabama.

In summary, it is reasonable to conclude that the SIE estimate for Alabama appears to be a statistical outlier. Additionally, in fact, we performed a formal statistical test for detecting outliers with respect to the 12 southeastern States. Alabama and Florida did prove to be distinct outliers. This outlier conclusion can be explained by the fact that the virtually "error free" census data of 1960 and 1970 place Alabama alongside its neighboring southeastern States with regard to poverty, whereas the same analysis using the SIE data, which is subject to errors of sampling, places Alabama dramatically distant from its neighbors.

Finally, then, our contention is that there appears to be reasonable evidence to believe that the SIE, though well designed, well executed, and properly analyzed, encountered, in the case of Alabama's estimate of number of poverty children, a sizable underestimate of the actual value.

Mr. KILDEE [presiding]. Thank you very much.

We will now call upon Dr. Anne Campbell, State Superintendent for the Nebraska Department of Education.

STATEMENT OF DR. ANNE CAMPBELL

Dr. CAMPBELL. Thank you.

I am Anne Campbell, the Commissioner of Education for Nebraska. I join my colleagues in expressing appreciation for the opportunity to appear before this committee. Though I expected to have written testiony in your hands prior to this appearance, I was unable to do so and it will be in your office on Monday. I apologize for that.

Mr. KILDEE It will be made a part of the record.

Dr. CAMPBELL. I would appreciate that.

[The statement of Dr. Anne Campbell follows:]

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Statement of

Dr. Anne Campbell

Commissioner of Education

State of Nebraska

before the

Elementary, Secondary and

Vocational Education Subcommittee

of the

United States House of Representatives

November 9, 1977

Regarding H.R.15

Amendments to

The Elementary and Secondary Education Act of 1965

Nebraska State Department of Education

Mr. Chairman, I am Anne Campbell, Commissioner of Education for the State of Nebraska. I join my colleagues in expressing appreciation for the opportunity to appear before this distinguished Committee.

In the letter of invitation to appear at this hearing we were specifically asked to focus on those issues related to Title I funds allocation. Therefore, the following concerns are presented:

I. Survey of Income and Education as Basis for Determining State Allotments.

Although the Survey (SIE) was well designed from technical and methodological standpoints, it appears to be unreliable at the sub-state level. It also appears to weigh more heavily the large population concentration areas. A state such as Nebraska with a large land area and greatly scattered and isolated rural population would seem to be disadvantaged. Children from poor families tend to be overlooked.

A. Nebraska presently receives $10,220,215 (1978 grant) in Title I funds, and funds for 280 school year programs, 60 summer school programs serving 31,445 children (1975-76).

B. The number of children from low income families determined by the 1970 Census was 47,606. By using the data on free and reduced-priced lunch counts the number of children determined to be eligible to receive programmatic services has more accurately been defined.

The following chart portrays changes in number of children served:

Year	No. of School Districts With Programs	No. of Children Being Served		$ Range in Programs	Total $ Expended In Title I
		School Year	Summer School		
1965-66	307	42,645		$400 to 744,175	$4,716,379
1970-71	316	40,982	23,901*	$787 to 1,708,691	$7,500,996
1973-74	302	32,331	5,404*	$791 to 2,092,099	$7,219,946
1974-75	306	30,668	5,069*	$897 to 1,784,508	$8,257,750
1976-77	349	Not Available		$697 to 1,896,840	1977 Funds Still Being Utilized. Final 11-78.

*Duplicated Count, Based on Participating Schools.

SIE data decreases Nebraska's allotment by 24% from $10,220,215 to $7,767,364. Demographically the state is organized into 1,138 school districts of which 770 are operating elementary districts generally located in very rural areas. A negligible number of these districts receive Title I services because of the regulation of a minimum of 10 children stipulated to mount a program.

Since there are fewer numbers of low income families in Nebraska totally, concentrations are in metropolitan areas, cities and towns with the rural poor scattered, invisible and unserved.

In most Federal programs, Nebraska is among the 12 to 14 states that are below minimum in numbers and in authorizations to serve educational needs. Yet the time, effort, travel and need to reach the unserved is the same or greater than some of the greater populated states. Therefore, there is an absolute necessity for hold-harmless provisions.

Recommendations are:

1. The 1970 Census data for determining State entitlements be retained until the 1980 Census data is available.

2. The individual states be allowed to develop a state plan which can reflect the diversity of individual and regional needs within the state.

For instance, in Nebraska the Educational Service Units (multi-county) could coordinate and administer cooperative programs with school districts in rural areas who could not presently qualify for programs to serve low income students because of lack of number of students, but who by joining with other school districts would be able to provide such services.

3. The purpose of providing extra assistance is to help children achieve their potential, so there is need for compensatory education for non-achievers. However, there must be assurances that the children of poverty are not lost

in the shuffle.

4. Funding in the manner to reflect inflationary costs and continuity of programs is critical.

II. Handicapped Children P.L. 89-313:

With the advent of P.L. 94-142 (federally funded programs for the Handicapped) the need for set-asides such as P.L. 89-313 should be either greatly diminished or perhaps non-existent within Title I. One federal program for the handicapped could eliminate many of the bureaucracies that exist--from federal to local levels.

Both of the above stated programs for handicapped students require duplication of data for application and reporting. This includes needs assessment, activity objectives, activities in themselves, evaluations, advisory committees, etc. A great deal of "red-tape" for the locals as well as the state and federal agencies could be thus eliminated by the combination of programs. This reduction of bureaucracies could or should then increase the amount of funds that would be available to serve children in need of such services.

While the above rationale supports legislation to combine such federal programs, serious consideration MUST BE GIVEN to the means for allocating the 89-313 funds. This could cause serious problems for all states if some of the proposed should be legislated. That is, that $70 per child as is the case in 94-142, be adopted.

Based on 1977 data, the following state operated and state supported institutions would be affected:

School	1977 ADA	P.L. 89-313 Grant	P.L. 94-142 Grant
Nebr. School for the Deaf	178	$117,961	$12,460
Nebr. School for the Visually Handicapped	49	32,472	3,430
Nebr. Psychiatric Institute	21	13,917	1,470
Beatrice State Developmental Center	185	122,600	12,950
Lincoln Regional Center	33	21,869	2,310
Total:	466	$308,819	$32,620

Education of the handicapped would be seriously affected if not totally destroyed by adoption of such legislation. Funding must be given special consideration if federal programs are to be combined.

Recommendations are:

1. The retention of P.L. 89-313 funds as presently provided until appropriate amendments to P.L. 94-142 are in place and operative in order to serve this population.

Nebraska is one of the leaders in the de-institutionalization of the handicapped. Those having to continue to be served in the previously named institutions require even greater attention and the services are more costly.

III. State Administrative Set-Aside

The role of the State Agencies over the past years in this concern has been, at least, a "silent partner". There has been an increasing and natural reliance on state agencies to provide effective services to disadvantaged children in technical assistance to the LEA's.

Nebraska's Title I State administrative set-aside has remained at the 1% or $150,000 level over the years while responsibilities have increased. (89-313, SAFA, comparability, proposed evaluation models, PAC's, etc.). Recent audit findings indicated the need for Title I administration to enforce additional regulations, implement all regulations as per interpretation by OE, and provide technical assistance and leadership to all LEA's participating. The ever increasing demand for Title I data and information in response to federally mandated studies must also be recognized. None of these listed are objectionable by this State; in fact, they are supported if program effectiveness is to be maximum.

However, the objection is that states with grants less than the required 15 million dollars are eligible annually for no more than $150,000. The states with these grants, such as Nebraska, have not experienced an increase in state administration, yet, by virtue of legislation, must compete with other states for quality compensatory educational programs with minimal staff and operational budgets. Numbers of participating LEA's has not been considered.

Recommendations are:

1) That a minimum of $300,000 for state administration be considered and/or 1.5% of the state grant, whichever is greater. Suggestion is that numbers of participating LEA's be an option for consideration.

2) The states be given the option to request additional administrative monies for specialists in reading and perhaps math.

Again, we appreciate the opportunity to express our concerns relating to the funding allocation under Title I for Nebraska.

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Nebraska State Department of Education

CONTINUATION OF SAFA (LOW-RENT HOUSING)

Presently the State agency has little to no knowledge regarding the payment of money that the LEA's expect--or when they can expect the money that appears to be allocated to them on the print-out sheets. It is most difficult to expect an LEA to undertake a $120,000 project with little to no real assurance that they will receive the funds. It must he recommended that forward funding, such as that available under E.S.E.A. Title I be adopted if E.S.E.A. Title I is expected to administrate these programs.

Support for the continuation of the SAFA low rent housing payment to eligible school districts is here stated, with the following recommendation:

1) Funds should flow through the SEA with some reasonable amount set aside in state administration for monitoring.

There is a definite need for additional information, assistance and cooperation between federal-state-local if these programs are to function smoothly.

Nebraska State Department of Education

PARENT ADVISORY COUNCILS

Current legislation requires a PAC at each participating Title I school, and in many cases, in a participating school building. While parental involvement is a valued concept this requirement is perhaps not feasible in a state such as Nebraska.

An example is that in the case of Omaha, some 50 buildings now participate and each PAC consists of 3 to 15 parents. This means that over 400 parents in a given meeting have the opportunity to "advise" the local school district. Even less feasible with the current legislation is the mandate that a copy of the federal regulations must be provided for each parent. This becomes a costly venture that is of questionable value, since it would be most difficult for parents to adequately understand the regulations for face value of the publication itself.

Support must be given for the parental involvement in Title I programs. The shift in parents' attitudes toward Title I programs has been most successful and indirectly has added to the success that Title I is experiencing. The mandate for involvement does provide the assurance that parents will have the opportunity to participate.

Nebraska State Department of Education

STATE PARENT ADVISORY COUNCILS

If this were to be mandated the following questions should be raised:

1) At whose expense would they operate?

2) What would be their defined role?

It must be noted that with the mandate of procedures for "hearing" and "complaints," a State Parent Advisory Council could play a most effective role in resolving such needs. Secondly, the State Parent Advisory Council could be a model for LEA's and provide an incentive to our locals to effectively further involve their local advisory councils.

However, many of Nebraska's LEA's presently have to spend their local monies on their Title I programs since their grants are not adequate to meet their identified needs. It would seem quite unfair to mandate budgeting from their already inadequate source to provide, from their budgets, the expense of parents that might be serving on a State Parent Advisory Council. Furthermore, should the State PAC be expected to utilize state administrative monies which also are inadequate and have during the past five years resulted in staff reduction at the state level?

The recommendation is:

1) The State Parent Advisory Council be voluntary

on the part of the states and territories. A special grant request that would have to be approved by the Office of Education by individual states desiring to have such a Council could generate additional funds from the federal level--dependent upon the role such a Council would play in the applicant state.

Nebraska State Department of Education

RESTRICTIONS FOR TITLE I TEACHER-DUTIES

Present legislation has not allowed Title I teachers to perform their, what is viewed as, "fair share" of non-teaching duties. This is to include such activities as hall and bus duty, lunchroom supervision, homeroom supervision, etc., nor are they to be assigned any basic extra duties that all other teaching staff in a school must assume.

While most states would concur that Title I teachers SHOULD NOT BE assigned non-teaching duties which would take them from the Title I students during instructional times, the question is, should teachers not be expected to fulfill district responsibilities during non-teaching periods of the day? It is felt that supervision of the playground over the lunch period would afford a teacher of Title I the opportunity to view the child with his peers in social situations, an aspect vitally important in the child's total school environment and should be knowledge to the Title I teacher.

Staff morale and public relations are extremely difficult to establish and maintain in many of the Title I applicant schools with the present legislation that restricts Title I extra duties. Placing the Title I teachers on the same level would facilitate communication between the general classroom teachers and supplemental staff such as local-state compensatory staff.

Recommendations are:

1) The regulations be altered to allow Title I teachers to be assigned their proportionate share of "extra duties" when such duties do not interfere with fulfilling their total commitment to Title I children.

2) The legislation should allow the State Agency to determine what is a proportionate share of extra duty time when the question arises.

Nebraska State Department of Education

COMPARABILITY

Present legislation, Section 116a.26 "comparability of services" are quite restrictive and do not allow districts flexibility to experiment with special programs. IN FACT, they do not allow--in a school system that has chosen to be decentralized--the privilege of choosing teachers versus teacher aides for staffing.

It is recommended that, if comparability is to remain it should allow at least a 10 per cent deviation. If the dollar amount per pupil in both the Title I attendance centers and the non-Title I attendance centers are equal, why should teacher pupil ratio be aq important a factor as it is in present legislation? An example, in the Lincoln Public Schools, schools have been required to add one additional half-time aide to remain comparable. The overall benefit of the addition is questionable. It also appears highly regulatory when the federal government regulations make decisions of staffing for the local school districts. The present 5% deviation is highly regulatory.

Further recommendation for comparability is the exclusion of special education students. State statute presently assures the federal government that each student is provided for with an educational program to meet his or her needs. Even mini-comparability reports are very time consuming and difficult to tabulate accurately.

Nebraska State Department of Education

DESEGREGATION AND E.S.E.A. TITLE I SERVICES

Present regulation for target areas, target schools, and attendance areas judged by residence enrollment has had a deleterious effect on students from the low income areas of the cities. Services for many students (eligible by residence in poverty attendance area) have been denied since eligibility is based on the attendance center where the child is enrolled.

It is realized that authorities indicate that the per cent of low income should not shift drastically enough to shift services. But realistically, the shift does occur, and the shift is the intent of the court order. Students from poverty areas are then not eligible (unless the attendance unit qualifies) for needed services.

It is suggested that consideration be given to continuing the present three-year provision for eligibility of attendance centers for students affected by desegregation.

It is also suggested that services be allowed to "follow the child" in the case of school desegregation when the child presently residing in an eligible attendance center becomes ineligibile by virtue of being bused to a school which is not eligible.

Nebraska State Department of Education

PARTICIPATION BY CHILDREN ENROLLED IN PRIVATE SCHOOLS

Section 116a.23 appears to be functional in serving the student that is educationally disadvantaged and attends a private school but resides in a public school attendance center that is eligible. HOWEVER, in the event that desegregation occurs or is ordered as in Omaha, Nebraska private school children are not bussed out of their poverty areas. Their continued residence in the economically disadvantaged areas with high concentration of low-income students but with the bussing out of students from the once eligible public school attendance area that is no longer eligible, results in private school children's education and environment that did not change--only that they are NO LONGER ELIGIBLE for Title I services. Great numbers of students attending private schools in the Omaha area were no longer eligible for services after desegregation.

Recommendations to be considered are:

1) That private school children be recognized on a "modified follow the child" concept allowing students that reside in a once-eligible public school attendance center also be allowed three years of services in the private school when affected by desegregation.

2) A "follow the child" concept be altered to fit the needs of the private schools that shall be designed locally and approved at the state and federal levels.

Dr. **Campbell**. I also would be with Mr. Todd. Had I waited a couple of hours longer, I would have been snowed in likewise. I am worried about getting home.

I would like to address the area we were asked to address and that is the financial impact on a State on the allocation of Title I funds. The Survey of Income and Education shows Nebraska as well as South Dakota, a loss of 24 percent in the allocation amounts. We are a large State geographically. We are a small State populationwise. South Dakota is about half our size. We receive at the present time, and it started when Title I came into being, about $7 million. Our allocation has increased to about $10 million. At the present time we have 280 in-school Title I programs and we have plans approved for some 60 summer programs and some of those would be duplications.

I would say to you that Nebraska has 1138 school districts which is the largest of any State in the Union. Of this, then, approximately 27 percent of our districts are served. You can see that there would be wide disparity between the kinds of services that we could give to poverty-identified children in rural areas as compared to metropolitan and semi-metropolitan areas.

The rural areas in Nebraska are really left out of the help that we have had under Title I. I would say that since there is such variation among States, that the sub-State formulas should be State determined. I would say with that that I would like to see a State plan as to the manner of distribution of funds within a State with certain parameters.

For instance, I could serve some of the rural districts who need the sevices badly by allowing a group of districts, multi-districts, to combine and be served through an intermediate or agency and we call them in Nebraska "educational service units" so that programs could be provided for them.

The second area I would like to bring to your attention has to do with 89-313 funds which are part of the Title I allocations. This year we have some 308,000, almost $309,000 serving five State-operated and State-supported educational programs. If 89-313 funds do not remain in their present place, the funds under 94-142 would be only $32,620, a significant change.

I agree with the fact that funds for children with handicapping conditions should be all in one bill, but in the process of transferring those funds there is a danger of extreme hardship in the interim to serve those children. So I call it to your attention so that it may be examined.

The State administration is the third area I would like to get into. We receive the minimum amount of $150,000. We have had that same amount from the inception to this time. There is no question but what that is difficult and we have had to lay off people or delay hiring people in order to serve the vast distances that are required to serve the districts in Nebraska in this line.

So I would ask you to consider in looking at fund allocation to States that part of the allocation for State administration be increased from the 1 percent. We have talked it over within the department and with the State Board of Education. We would like to see it either 1-1/2 percent or $300,000, whichever is the greater. I would say to you, of course, as my colleague from Alabama has stated before me, that we prefer to keep the 1970 census data or a hold harmless clause because we actually are disadantaged in this.

The question was asked in the testimony about achievement as a measure of helping children. I can't answer the question politically. The achievement level, the thing that worries me about it is how we measure it and whether that becomes a State standard or whether that becomes a national standard of determining this. In Nebraska we allow the local school districts and as a matter of fact they are required to have a plan of measurement of student progress in their approval and accreditation standards. The department has a test it uses. It is called the NAELS test which is Nebraska Assessment of Essential Learning Skills which is strictly a skill test. It is not standardized. It is an individual pupil measurement so that youngsters cannot be compared.

My fear with achievement, Mr. Quie, is that there will be a standardized test that will be used as the basis for determining eligibility in achievement. I think there is great danger in that. This, Mr. Chairman, is my summary of written testimony.

Mr. KILDEE. Thank you very much, Dr. Campbell. We will proceed with the next witness and then ask questions.

Mr. Robert Berlam, Executive Assistant to the Commissioner, Rhode Island Department of Education.

[The prepared testimony of Dr. Robert A. Berlam follows:]

TESTIMONY BY DR. ROBERT A. BERLAM, EXECUTIVE ASSISTANT TO THE COMMISSIONER, ON BEHALF OF DR. THOMAS C. SCHMIDT, COMMISSIONER OF EDUCATION, STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Mr. Chairman and members of the subcommittee, my name is Robert A. Berlam and I am here today on behalf of the Rhode Island Commissioner of Education, Dr. Thomas C. Schmidt.

The views expressed today in this testimony reflect those of Dr. Schmidt in his capacity as the Chief Executive Officer for the Rhode Island Department of Education.

Dr. Schmidt regrets his inability to appear before you personally today, but has asked that I express to you his appreciation for the kind invitation you have offered to us. We welcome this opportunity to share with you our views and concerns in regard to Title I, ESEA.

Prior to making my statement, I would like to commend you and the members of your Committee for the outstanding leadership which you have consistently given to the educational community. Through your diligent efforts and those of your colleagues, we have seen federal education programs improved significantly and positively during the past 12 years. The ramifications of federal programs nesessitate continued need to provide for examination and revision of all existing programs in an attempt to make them more efficient and more accessible to the students and citizens of our country.

The comments which follow should not be misintrepreted as being overly critical of the Title I program. We in Rhode Island have been most impressed by the results derived from Title I during the past decade.--In Rhode Island Title I works!

In the recent years, our state evaluations have indicated that the progress of students in Rhode Island's Compensatory Education Programs has been substantial and significant. We are proud of the efforts of the local school departments in structuring meaningful programs which have produced positive results.

The federal commitment has served to stimulate a special concern in our legislature for disadvantaged children in this state. The culmination of this concern was the enactment of a categorical grant of state aid to local school agencies to supplement our regular State Aid Reimbursement Program.

I emphasize this point for I feel it is important to note that although our comments recommend a need for some change, we believe that the federal government's management of Title I is basically sound and functional. The regulations developed and monitored by USOE have insured that Title I funds are providing educational services to disadvantaged children. To that end, we support the efforts at the federal level.

FUNDING LEVELS

During the past few weeks, you have heard members of many national educational organizations express their views on the need for changes in Title I programs. One theme seems to emanate consistently from all of those testimonies--that theme being the need to increase appropriations and to meet present funding authorizations.① I will not belabor the situation by discussing this issue at length. Instead, I would like to add my voice and support to those who have recommended additional federal funding for Title I. There is a need to strive toward the congressional intent addressed in the Declaration of Policy in Section 101 of Title I.

"Congress hereby declares it to be the policy of the United States to provide financial assistance to local education agencies serving areas with concentrations of children from low-income families to expand and improve educational programs for various means...to meet the special educational needs of educationally deprived children."

We support any legislation which identifies needy children and provides them with educational services. We should support every attempt to provide an adequate educational program for children in need. We are disturbed that there presently exists large numbers of needy children who are excluded from Title I programs because of inadequate funding.

CHILDREN IN SCHOOLS OF HIGH CONCENTRATION OF DISADVANTAGED CHILDREN

I feel that it is important to indicate to you the issue that a large number of children in need of compensatory education programs are excluded from services due to the procedures used to allocate funds to local education agencies under the current system.

The basic inconsistency lies in the fact that the method speaks of concentrating funds in districts with high concentrations of disadvantaged children, while providing money to 85 percent of the school districts in the country. Title I reaches 68 percent of all our elementary schools.

To accommodate this deficiency, regulations have been written which require a process which indicates how LEAs should allocate funds to schools under their jurisdiction. This process requires an LEA to determine district-wide percentages of economically disadvantaged students. Any school which has a high percentage of economically disadvantaged students is eligible for Title I funds. The LEA can commit Title I funds to all such schools, but must do so in descending order of concentration.

Within a school district, this is quite a rational means of concentrating Title I money. However, within a state, it is not consistent with the expressed objectives of the legislation. The reason is simply that the incidence of low-income students varies enormously among LEAs in any given state and as a result there are wide variations in target school levels among districts.

Dr. Schmidt recently testified before the Senate Subcommittee on Education and indicated that Rhode Island has wide variations in low-income families. We have a school district with 4.4 percent of its pupils defined as low-income, and therefore, may be defined as a target school eligible for Title I funding, while a school in one of our major cities would have to have a concentration of 52.2 percent of low-income children in that area to be designated a Title I target school. Therefore, in the state of Rhode Island, the district-wide averages range from a low of 4 percent to a high of 52 percent. The state-wide average concentration is approximately 15.2 percent, but the majority of the LEAs, with the noted exception of the large cities, have district-wide averages considerably higher than 15 percent.

Essentially, what this means is that a poor child in a relatively affluent district has a better chance of being in a target school and of getting services funded under Title I than does a similar child in a district with a high percentage of disadvantaged children.

Mr. Chairman, a possible solution to this problem would be to allocate Title I funds by state rather than by counties within each state using the current system of defining economically disadvantaged students and to authorize states to allocate funds to high concentration schools utilizing a uniformly applicable system based upon common indicators.

Funds could be allocated to schools with the higher concentration of disadvantaged students determined on a state-wide basis. Such a dramatic shift of Title I funds to high concentration schools would be difficult to accomplish politically because of the potentially disruptive effects of the schools that would lose funds. However, it is our belief, and those of many of our colleagues, that states and local education agencies have a basic responsibility to provide compensatory education whether or not federal assistance is available for that purpose. In order to accomplish this recommendation, Title I would have to be amended so as to eliminate barriers in the development of state and local compensatory education programs.

If such a recommendation to focus funds directly on certain schools was implemented, the total effect in the long-run would be to increase the combined federal, state and local effort.

Towards the goal of serving more disadvantaged children, we would like to make three specific recommendations for changes designed to make more efficient, effective use of Title I funds at the local level.

(1) We recommend that LEAs have the option of serving children in need of compensatory education in non-target schools, provided the concentration of disadvantaged students in such schools is above the state-wide average, and that the highest concentrations are served first.

(2) To offer alternatives to "pull out" programs in schools with high concentrations of disadvantaged children. We recommend that high concentration schools be permitted to use Title I funds for developing the program for the school building as a whole. Provided that assurances are given that the children with the greatest aid are given the highest priority for services.

(3) We recommend that Title I funds follow the child to non-target schools in desegregated districts provided the concentration of disadvantaged children in the non-target schools exceed the state-wide average.

ADMINISTRATION AND MANAGEMENT

Mr. Chairman, I would like to address the remainder of my remarks to administrative issues relating to Title I. With the risk of being considered as one who addresses self-serving interests first, I feel compelled to indicate the need for increased state administrative levels of funding.

A recent study by the National Institute of Education recommends that "the most effective way to help states provide management is to encourage states to use their Title I administrative funds to hire more staff. For some states, this could be accomplished by expanding the size of the administration set aside which Title I provides."

Departments of Education, especially those in the small states, receive the minimal $150,000 for administration. We are presently hard pressed to meet the administrative demands and requirements for the cost of Title I which are set forth by the U.S. Office of Education. The allowance for state administration has remained constant since the inception of the program in 1965, even though inflation costs have spiraled greatly and the demand upon state staff has become more onerous.

I would like to detail for you some of these increased demands so that the arguments of increased state administration of Title I may have more meaning.

(1) Requirements have been added for increasing the quality and quantity of local parental involvement.

(2) There is an increased demand for evaluation through implementation at the SEA and LEA levels of the RMC evaluation model. Even though assistance is being received from outside agencies, the SEA is assuming new programs and fiscal responsibilities. The increased programs that Title I administers include SAFA V(e), Part B inclusive, monies for the neglected and delinquent, and 89-313 Handicapped Funds for Institutions.

(3) There are requirements establishing tighter accounting and reporting procedures relative to regular biannual audits of LEA Title I expenditure. Integration with the Right to Read program needs to be improved. Locally funded reading and mathematics programs must be interfaced with Title I in order to have full impact on schools.

(4) There exists increasing confusion relative to the supplanting requirements and the new pressures on the part of LEAs for technical assistance.

(5) More complex reporting requirements in the areas of comparability requires more manpower to verify special education, foreign-speaking exclusions, and grade span splits. Added to this is the need to invest greater efforts in the dissemination of nationally validated Title I programs, such as PIP's (Program Information Packages).

(6) There is the need to create better interfaces between state compensatory funds, and to link these funds more carefully to federal funds for maximum impact. Because of the "no supplant" Title I regulations, precise definitions of interface are needed among Title I, special education and bilingual programs.

We in Rhode Island, during the past few years, have had to supplement the administrative costs allocated to us by federal legislation from our own state funds. We have reached the point where defraying those administrative dollars cannot continue any longer.

We request that consideration be given to increase the minimum level of Title I administrative funds from $150,000 to $250,000 or to a sum not less than 1.5 percent of the state's basic grant, whichever is greater.

FORMULA FOR ALLOCATION OF FUNDS

Throughout the nation, a great deal of support has been voiced for the re-evaluation and revision of the formula used to allocate Title I funds. We call for national leadership in this area. It must truly be a national decision since any recommendation by an individual state would be made toward gaining benefits for its own interests.

Rhode Island is no exception. We have provided services with federal funds to our LEAs based upon the present formula. To reduce our funds through revised formulas would reduce efforts and services. This would be a disservice to our students and our local school districts. We should strive to consider our national commitment as well as our state and local commitment.

As a national statement is being developed, we suggest that the following concerns be kept in mind:

(1) That an equitable measure of poverty be designed.

(2) That only current and reliable data be compiled as needed.

(3) That no penalties be levied against states having high efforts in compensatory education programs.

(4) That efforts be made to provide equity in allocation from LEA to LEA within a state so that gross disparities in community and individual school poverty concentrations can be adjusted.

(5) That a better flow to poor schools in our urban centers should be facilitated.

(6) That a provision be instituted whereby the level of funds currently provided to states be maintained without jeopardy.

A point of much discussion is the use of AFDC data. We are a small state and have ready and easy access to AFDC data. While we would have to admit to some inaccuracies, the process is standardized and we feel that we can use the data with some reliability. We are concerned about the need for current and reliable income data. The recent Survey of Income in Education (SIE) conducted by the Department of Commerce was based on a sampling of families within each state. If results of that sampling were used, Rhode Island would lose over $1 million in Title I funds. The data was collected in 1975.

We question the SIE survey and its sample. In 1975, Rhode Island's unemployment rate peaked at 13 percent--the highest in the country. Rhode Island's Naval complex, the state's largest industry, has closed recently with vast fiscal ramifications. It seems to us that with one of eight persons not working in the state, that such a finding as the Survey indicated would be unthinkable. We do support allocations being made on any current data that is reliable; however, we have many reservations for supporting such data as that of the SIE.

ADMINISTRATION OF TITLE I

The proliferation of federal programs and the need to define Title I's role in relation to them is an increasing cause of concern. The need to clarify the relationships is critical not only to the SEAs, but to the LEAs who bear the brunt of having to put together the numerous federal categorical programs so that they may have coherent impact on children. Each of the programs is regulated by distinct and at times conflicting rules.

A recent study by the National Institute of Education on Title I administrative problems indicated a lack of clarity at the federal level. These findings also indicated that:

(1) SEA rulemaking is unclear.

(2) SEA enforcement authority is ambiguous.

(3) Audit procedures are not clearly specified.

The findings of the NIE study have on occasion led to some difficulties in Rhode Island's SEA administration.

Advisories and interpretations to the states have differed and lack uniformity. This has led to a lack of clarity in the scope of the function of our agency in areas such as rulemaking and auditing.

Clear lack of standards for some aspects of SEA's functions also exists in the areas of monitoring and auditing.

The USOE should strive to provide clear and uniform expressions of SEA authority and minimum standards should be set forth for each SEA required function. The enforcement of such standards on the state level are tied again to the need of more state staff and additional administrative funds.

This needed clarity can be achieved through:

(1) The U.S. Office of Education developing clear expressions of SEA authority rather than implied authority for all SEA functions.

(2) The U.S. Office of Education providing minimum standards for specific aspects of SEA functions.

(3) The development of a policy manual. A successful instrument used in many federal, state and local educational programs has been the development of policy manuals. The development of such an instrument by USOE for Title I use by SEAs and LEAs would enhance the efforts to clarify and establish standards. The contents could include guidance in areas such as law, regulations, interpretations, decisions, requirements, definitions, audit information, and SEA administrative requirements.

Strong guidance must be given at the federal level in order to assist school districts assemble good local programs. There must be forceful leadership in order to pave the way for proper integration of other programs with Title I.

There are other administrative problems within the Office of Education which are worthy of note. One involves the unsuccessful efforts during the last two years of the U.S. Office of Education to develop operational definitions of key functions of Title I. There is an urgent need to develop formal definitions for functions such as supplant and supplementing comparability, evaluation design. This becomes acute especially in the supplanting provisions of Title I and the conflict with the newly enacted legislation, P.L. 94-142, and its learning disability definition.

The task force in the U.S. Office of Education has not been able to successfully resolve this problem. Intervention at the congressional level could assist states greatly.

NON-PUBLIC SCHOOLS

A frequently voiced concern that my agency's Title I office has heard relates to non-public schools and their complaint of the lack of communication with local Title I officials. P.L. 93-380, Section 406(a) states that the local agency, "after consultation with the appropriate private school officials, shall provide for the benefit of such children enrolled in private non-profit elementary and secondary schools services..." Consideration should be given to strengthen the language of "consultation" so that communication at all stages of the application and proposal be increased.

Such efforts would relieve the complaints placed upon us by the non-public sector. Language which fosters consultation would provide for the comparable services for non-public students as is the intent of the Congress.

STATE COMPENSATORY EDUCATION PROGRAMS

There is a need for the Congress to develop legislation which would not prohibit states from enacting or expanding their own compensatory education programs. As I mentioned previously, compensatory education should be a cohesive effort between the federal, state and local governments. The recent court decision of Alexander vs. Califano substantiates that there are prohibitions in the federal regulations on state compensatory education programs. Any prohibition is extremely counter-productive and cannot possibly be reflective of the intent of the Congress. It is not possible for a state to supplement Title I, ESEA in the interest of serving more disadvantaged students without taking cognizance of Title I programs.

I urge that Title I be amended to permit the development of joint federal and state programs for compensatory education. Although we in Rhode Island have had significant success with our limited state compensatory education programs within the federal barriers, the possibility of an improved interface still exists.

If we in Rhode Island are permitted to provide a better interface between our state compensatory education programs and the Title I programs, we could allow our schools to put together a package which would fit the needs of not only those severely in need, but of those students who have a serious but less severe problem.

Those in-between children should be served by state compensatory education funds. The overall impact in Rhode Island would be that more students would receive services under either federal or state compensatory education programs.

Mr. Chairman, I have tried briefly to define several distinct problems within Title I legislation and its regulations. If corrected, we can move toward more effective programs and reach the children who so desperately need our services.

Neither we in Rhode Island nor those at the federal level have found the magic potion which can convert dollars to learning, but through realistic legislation, we can move positively toward that end.

We need to take the money which is available and apply it to the schools where the problems are the greatest and the opportunities for students are the most limited. We must also make the management of those programs more effective and efficient so that they provide the intended services without altering the intent.

We continue to pay a high price in this country for the failures of students to master basic information and skills necessary to survive in and contribute to our society and our economy. The problem of functional illiteracy is growing. Test scores throughout the nation show a marked decline in basic skills competency. The heart of any civilization is its education. If we are to remain a society of well-informed, well-educated and capable individuals, the federal government and the education system must strive to develop essential skills such as reading, writing and the ability to reason in all our citizens. We have a responsibility to assist the disadvantaged and deprived in the pursuit of such an education. We, along with you and your colleagues, are ready to work diligently in an attempt to create a better way of providing those services to students served by the Title I program.

Thank you once again for this opportunity to appear before this distinguised committee. I would be pleased to answer any questions you may have in regard to the testimony.

STATEMENT OF DR. ROBERT BERLAM

Mr. **Berlam.** Thank you.

I am Robert Berlam, Assistant to Thomas Schmidt, Commissioner of Education in Rhode Island who is out of the country today.

We appreciate being here today to give you some of our concerns with relation to Title I. I would like to take some broader issues than some of my colleagues on the panel. However, I do concur with some of the findings on the SIE survey. We will be expressing some concerns in relation to Title I, but we don't want that to be misinterpreted as being disenchanted with Title I.

We have seen some very effective programs in Rhode Island and our evaluation has shown that in Rhode Island Title I works. We would like to re-examine some of the issues, some of the programs and the way they are administered in order to make it even more effective.

During the past few weeks you have heard members of many national education organizations express their views on the need for changes in Title I programs. One theme seems to emanate consistently from all of those testimonies, the theme being the need to increase appropriations and to meet present funding authorizations. Some of the statistics indicate that to do that would require allocations of up to $5 billion, almost twice what we have now. We think that in order to serve the children not only in Rhode Island but in the country as a whole we need legislation which identifies needy children and provides them with educational services. We are disturbed that there presently exists large numbers of needy children who are excluded.

I think it is important to show at this time that there are some inconsistencies in the Title I regulations and law and the intent of the Congress. The Congress intends that funds for Title I be given to high concentrations of disadvantaged children. Yet we find that the money which is allocated is spread over 85 percent of all the school districts in the country and 68 percent of all the elementary schools in the country receive Title I dollars.

To accommodate the deficiency, the LEAs have been receiving regulations which allow them to serve high concentrations in descending orders, based on a process of regulation for the LEA. The problem is that that process works within the LEA but because of the procedure of allocating money by counties we find we cannot do that. There are some limitations.

In Rhode Island, for example, we find there are discrepancies or differences between school districts running from 4.4 percent of low income children to 52.2 percent. What that means to Rhode Island with the State average of 15 percent is that if you are a poor child in an affluent community, you probably receive Title I services, but if you move to a nonaffluent community, you probably will lose those services.

We are suggesting a recommendation and one which we realize has some political ramifications within States and that is the possibility of allocating Title I funds on a Statewide basis. That means the State would receive the funds and we would design a system where we would serve the most needy on a scale of the highest to the lowest. That is a possibility which we would like you to examine.

We in Rhode Island think we can do that. Of course, we are very small compared to our sister States, but we think that is a possibility where the most needy, as the intent indicates, would be served.

To serve more children we make three recommendations: That is, that LEA have the option of serving nontarget schools provided the concentration of economically disadvantaged in such schools are above the State average and would be served first.

Second, we would like a reexamination of the pull out model so that high concentration schools can be permitted to use Title I funds developing programs for the school as a whole, and, lastly, that the money follow the child to nontarget schools if he or she is involved in a program of desegregation.

With those concepts of allocation and funding, I would like to turn very briefly to administration. With the danger of being misinterpreted as being self-serving, I would like to talk about State administration.

Since 1965 the amount of dollars coming to the smaller States has remained constant, $150,000. We have watched the requirement coming from the Federal Government, rightfully so, increase in the areas of monitoring, comparability, the integration of the SAFA program in 1974, the N&D programs, et cetera. As an outcome of this we have found that the State of Rhode Island is now paying for the administration and staff in Title I to comply with Federal regulations. We think that after 12 years that money should be increased to a minimum of $250,000 for small States and 1.5 percent for the large States. In fact, it was only a week ago that the NIE made the following quotation in testimony:

"The most effective way to help States provide management is to encourage States to use their Title I administrative funds to hire more staff. For some States this would be accomplished by expanding the set-asides which Title I provides."

We concur with the NIE study.

To try to summarize briefly, we understand that it is a very political situation to design a formula which meets the needs of all States. However, because we are self-serving and selfish in our goals in the individual States, and Rhode Island is no exception, we think we need national leadership.

We recommend that as this leadership is set forth, three areas be considered: An equitable measure of poverty be designed; only current reliable data be compiled as needed and no penalties be levied against States which have high concentrations in compensatory education programs.

One of the areas which have a lot of discussion and controversy is AFDC. In Rhode Island we are able to standardize the AFDC data. We are a small State and we are confident that the reliability we receive on AFDC data is reliable to all concerned. However, we have some concern with the SIE conducted by the Department of Commerce.

In 1975 during that survey, Rhode Island's unemployment rate peaked at 13 percent, twice the national average. One out of every eight working persons in Rhode Island was out of work. Backing that up, our largest industry, the naval complexes, were moved out of the State by the administration causing a lot of immediate impact of $300 million.

At the same time all that was occurring, 13 percent unemployment and the loss of our biggest industry, the survey was conducted and Rhode Island would lose 15 percent of its total allocation under Title I if the survey were to be used. We question scientifically how we could reach a 13 percent unemployment rate and still decrease the amount of poor people in the State.

Lastly, in terms of the administration at the Federal level, we ask for some method by which the Office of Education could clarify and establish uniform standards. One way we suggest is the possibility of a policy manual to be used by the school districts and the State education agency for all involved, and that includes the students, administrators and parent advisory councils. We need strong guidance in this area.

The statement I think indicates strongly some of our concerns in minor administrative areas, but because of the time I would like to defer those to the written testimony.

We in Rhode Island know you at the Federal level have found the magic potion which converts dollars into learning, but I think with realistic legislation at your level and ours, we can reach a way to properly use these funds.

Thank you very much.

Chairman PERKINS. Let me congratulate you. You know Senator Pell and this committee have worked awfully closely together. I don't know of any individual who has worked harder to try to do something for the schools of this country than your own Senator.

First, I wish to compliment the entire panel.

I will go to Dr. Teague. Dr. Teague, in its report on the Title I formula, the National Institute of Education pointed out that the SIE data showed that there were 7-1/10 million poor children in 1976 while the current population survey which was conducted in the same year showed that there were 8-2/10 million poor children.

In discussing this substantial discrepancy, the NIE pointed out that poverty estimates appear to be very sensitive to the survey procedures used to elicit household information. The NIE, therefore, concluded that whether the number of children in poverty has declined since 1970 remains an open question.

From this description of the NIE findings, do you have any comments to make on the discrepancy between these two surveys and on the usefulness of the SIE data?

Dr. TEAGUE. Mr. Chairman, I would say that if we begin allocating money on surveys, we are going to be in serious trouble. I think Congress will have to be more fiscally responsible than to allocate funds on that basis. I don't think we can allocate funds on trends. I think this is what they said. I would doubt seriously that there is any way that we could distribute funds equally at the local level if we took this position.

Chairman PERKINS. If we were to shift to the use of SIE data and your State were to have this loss of funds, is there any way you could currently, equitably distribute this loss among your local school districts?

Dr. TEAGUE. No, sir, there is no fair way to do it.

Chairman PERKINS. You just don't know of any way?

Dr. **Teague**. The only way we could do it would perhaps be on a population basis which would not be fair to the poverty people because they would not be equally distributed according to population.

Chairman **Perkins**. Do you know how much of a variation there could be in your State's Title I allocation, depending upon the variation and the accuracy of the SIE data for your State?

Dr. **Teague**. Yes, sir. In our State we are receiving some $51 million. The SIE estimate would mean we would receive about $27 million. But their variation shows from 26 to $28 million for the State of Alabama.

Chairman **Perkins**. Do you believe that there is a correlation between poverty and educational disadvantage from your experience in Alabama?

Dr. **Teague**. Yes, sir, I do.

Chairman **Perkins**. If the Title I formula were to be amended to put additional emphasis on concentrations of poverty, do you believe that we should limit this emphasis just to urban areas?

Dr. **Teague**. Definitely not, Mr. Chairman. We would propose that you take a certain number or certain percentage of poverty children and let that include both urban and rural. In our State more of our poverty people are in the rural areas. In many other States it is the opposite. So I think you ought to use both of those criteria.

Chairman **Perkins**. I agree with you that it should be across the board.

Now, Mr. Bateman, I know that Governor Busbee of Georgia sent testimony to be included in the record, but I would like to ask you if you could highlight from his statement the reasons that you do not believe that the SIE data is accurate for the State of Georgia?

[The prepared statement of Governor Busbee follows:]

Written Statement of
Governor George Busbee, Georgia
House Sub-Committee on Elementary, Secondary,
and Vocational Education
November 9, 1977

Mr. Chairman, Members of the Committee

I greatly appreciate the opportunity to comment on the compensatory education program provided under Title I of the Elementary and Secondary Education Act. Title I has been of great benefit to the children of the State of Georgia, and of the nation. Your efforts to provide educational opportunities to all the children of America, especially those from a disadvantaged background, are to be commended.

Title I has proven to be an educational success. Significant achievement gains by students in Title I schools, both those receiving special services as well as those not receiving such services, have occurred in Georgia and the nation For the 1974-75 school year the majority of the Title I systems in Georgia report between six months and one year achievement gain in reading and between seven months and one year in mathematics for their Title I classes. The program indirectly benefits the non-Title I students in a Title I target school through a lower pupil-teacher ratio when Title I participants are receiving special services. The program has increased the holding power of the schools for those students who are likely to become dropouts, and has reduced the potential of these same students of becoming lifetime dependents upon public social services. Parents, through advisory committees at each school, have again become involved in school activities, increasing the community attention to schools and the education program of a locale. Interest on the part of parents tends to reinforce educational gains and motivation at home as well as at the school building, resulting in further progress for the educationally disadvantaged.

In addition to serving the educationally disadvantaged, Title I also serves many thousands of our handicapped youth. The Title I special set-aside for handicapped, neglected, and delinquent children serves children in institutional settings as well as in the local school environment. Funds are further provided for assistance to the children of migratory workers, an especially important component of the educational program of many states.

Prior to 1974 ESEA Title I funds were allotted to the states and to the local school districts in the states on a formula that defined poverty as those with an income below $2,000 per year or those receiving Aid to Families with Dependent Children (AFDC). Under this funding mechanism, an excessive amount of Title I dollars flowed to those states and communities with high welfare payment rates.

Under the leadership of Congressman Carl Perkins in the House and Senator John McClellan in the Senate, in 1974 the Congress revised the funding formula for Title I to use a new definition of poverty. The formula currently defines poverty based on the Orshansky Index plus two-thirds of those children in families receiving AFDC payments in excess of the poverty level as defined by the Orshansky Index. The Orshansky Index, although not accepted by all as a fair definition of poverty, is used by most federal agencies as the official measure of poverty. It is a varying income scale that considers such factors as family size, male or female head of household, urban or rural setting, and the cost of food. This scale is adjusted each year by the Consumer Price Index, resulting in recent years of a substantial increase in the level of the official definition of poverty. In 1975 the Orshansky poverty income level for a non-farm family of four was $5,500.

The advantage of the Orshansky Index as a funding mechanism is that poverty is defined on a basis other than AFDC payments. As the cost of living increases, the Orshansky level increases. Since only those AFDC children above the Orshansky poverty level are counted, if AFDC payments are not increased at the same rate as the Consumer Price Index, AFDC becomes less and less a factor in the funding formula. This decreased reliance on AFDC is a desirable change in the Title I formula. A recent National Governor's Conference bulletin reported that for a six-month period ending December 31, 1976, that the error rate for AFDC payments exceeded 23 percent, with over 5 percent of the AFDC recipients being ineligible for assistance. This has resulted in a change in the flow of Title I funds over the past few years from the wealthier high AFDC states in the North and Northeast, to the South and Mid-West. The Coalition of Northeastern Governors has specifically indicated that this formula and the Title I allocation of funds are their priority items for revision.

One criticism that has been offered of the 1974 formula was that Title I funds were shifted from the large metropolitan areas to the rural sections within each state. While this may have been true in some parts of the Nation, in general this did not occur in the Southeastern region of the United States. For example, the City of Atlanta suffered only a 2.2 percent loss in Title I funds FY 1974 to FY 1977. During this same period, Atlanta experienced a corresponding 8 percent loss in Average Daily Attendance students. From FY 1972 to FY 1977, the Atlanta Title I allotment actually increased by 72 percent, from $3,072,000 to $5,273,000. During this FY 72-FY 77 period the national appropriation for Title I increased by only 34 percent.

The Coalition of Northeastern Governors at their November 13 and 14, 1976, meeting adopted positions on ESEA Title I funding, which if implemented, will be detrimental to education and the economic development of the Southeast.

One of the NECOG proposals would apply a 100 percent hold-harmless to states receiving federal Title I funds. This means that regardless of the shifts in the general population or the movement of poverty concentration, each state would receive at least the same amount of money as it received in some base year. Only newly available funds would be allocated on a more realistic basis. With over a $2 billion funding level in effect for Title I and the new administration's efforts toward a balanced budget, I predict that a substantial increase in funds available for this purpose is very unlikely in the near future.

A second proposal of the NECOG is to eliminate the ceiling currently placed on the average per pupil expenditure within states for Title I purposes. The current formula allots funds based on the Orshansky count of poverty children times 40 percent of the state's average per pupil expenditure with a floor of 80 percent of the national average per pupil expenditure and a ceiling of 120 percent of the national average. These limitations on the use of average per pupil expenditures for education serve to further concentrate Title I funds in the poverty areas of the nation. In general the poorer sections of the nation are at or below the national average per pupil expenditure; therefore, the floor tends to help the more poverty ridden states. The 120 percent ceiling also tends to help our poor sections by limiting the amount the high expenditure states of the wealthier regions can claim for the Title I formula.

Either of these proposals, if implemented, will have a serious disrupting effect on educational programs of the nation. Estimates of the possible loss of funds under these two proposals are not available at this time, but you may be assured that the poorer regions of the Nation would not benefit from either, both in economic and educational terms.

On the 28th of February HEW and the Census Bureau released a special survey of poverty children which, if valid, indicates that the Southeast has taken great strides in eliminating poverty. Under this survey the number of school age children living in poverty decreased by 4.2 percent in the South while they increased by 4.5 percent in the Northeast and North Central region of our nation. The real impact of this study, if implemented, will be on the school children of our region. Fourteen states in the Southeast stand to lose $104 million in ESEA Title I funds each year, with Florida being the only state in the region reflecting a gain of $19 million.

The economic impact of such a loss in federal funds for this region cannot be overemphasized. An estimated 70-80 percent of this $104 million is in salari paid directly to local school employees. These salaries in turn, through their expenditure in the local communities of our region, stimulate businesh activity and increase tax revenues available to that local community. The loss of such a sizable payroll would have drastic economic effects on many of the small communities of our region, especially when you consider that these funds are targeted to the defined highest economically deprived areas. Those who could least stand to lose payrolls and resulting revenues would suffer most.

This "rob the poor and give to the rich" concept would especially penalize the school children in our region needing the most extra help. These children are what may be termed as the "academically impoverished," not able to keep up with the normal classroom environment without special assistance. Without the aid provided by Title I funds, many of these future adults would become school dropouts, doomed to a meager existence for the balance of their lives, and quite probably a burden on the state as public social service recipients.

There are reasons to believe that the Survey of Income and Education may not portray a true picture of poverty in the United States. If one considers where poverty historically has been located in the Nation and which counties were sampled in the SIE, there is sufficient reason to doubt the validity of the survey. Poverty in the South has traditionally occurred in the rural areas, while in the North poverty has been concentrated within the cities and major population centers. According to the 1969-70 Census, the 19 poorest counties in Georgia were located in rural areas. The wealth of the State was, and still is, concentrated in and around our metropolitan centers. Of these 19 poor counties identified in the 1970 Census, only four were included in the 1976 Survey of Income and Education. In contrast to this, all the metropolitan areas of the state, and therefore all the wealthier areas of Georgia, were included in the SIE sample. Almost 40 percent of the fastest growing counties in Georgia as identified by the Southern Growth Policies Board were sampled under the 1976 survey. This pattern of sampling in the urban areas, which are the wealthier areas of the South, holds true for the Nation as a whole. If there is a structural difference in poverty between the older areas of the Northern metropolitan centers and the rural areas of the South, a sample concentrating only on metropolitan centers would yield an invalid projection of the status of poverty in this Nation.

Another factor entering into the validity of the survey was the time at which it was conducted. Information was gathered in the months of April, May, and June in 1976, a time of recovery from a severe recession in our Nation's economy. For various reasons the Northern part of our Nation was impacted more severely by the recession of 1975-76 than was the South and Southwest. It is entirely possible that the SIE, due to the timing of the gathering of information, overstated the level of severity of poverty in our Northern states.

An additional factor is the method of information gathering. Personal interviews were held with households selected in the sample by relatively inexperienced interviewers. In the preliminary report to the Congress, the Census Bureau stated that, "The large number and wide distribution of SIE sample households made it necessary to hire a large number of new, temporary interviewers. Many of these people had no experience as interviewers in a household survey." This inexperience coupled with lengthy personal interviews about family income could have inadvertently structured the survey answers toward those households with higher education levels and therefore more affluence.

When viewed in the context of the structural differences in poverty in our Nation, the timing of the survey, and the techniques and inexperience of the survey data collectors, the 1976 SIE appears highly questionable as a device to allocate over $2.3 billion in federal aid to education.

The 1980 Census will begin in only a few years. I understand that the results of this Census will be available much sooner than had been the case in previous years. This, coupled with the mid-decade census requirement passed in the last Congress should negate the desirability of "surveys" to determine federal fund allocations. The earliest probable time SIE information could be used for Title I allocation to the states would be in fiscal year 1980. I recommend that the Congress not try to apply a survey of this controversial nature to the Title I fund allocation, but rather wait an additional year for the results of the 1980 Census when all parts of the country can feel that they were treated fairly in the determination of poverty areas.

In summary, if the Title I formula must be changed, please consider only dropping the unreliable AFDC component of the formula while retaining the other features that currently tend to target Title I funds on the poverty areas of our Nation. The survey of income and education should be treated as a survey only, and should not be encompassed as a factor in the Title I allocations. The 1980 Census will truly identify poverty in our Nation, and will be the most reliable source of valid information for the allocation of ESEA Title I funds. Additionally, the SIE could be used for a maximum of only one or two years to allocate funds before the availability of 1980 census data.

Unrelated to the potential problems of the Title I formula, but vital to the successful utilization of Title I funds to assist as many children as possible is the need to change the comparability requirements to allow federal funds to more easily be used in conjunction with new and existing state programs. Georgia began a state sponsored kindergarten program in FY 1972 Originally, this program served only handicapped and disadvantaged students in the state, the same target population of ESEA Title I funds. The Georgia

ral Assembly has expanded the funds available for kindergarten to serve
ercent of the five-year-old population this year, and hopefully will appro-
ate funds for 50 percent of the five year old children in school year 1978-79.
state funded kindergartens and Title I funded kindergartens have had few
blems with the federal level due to both serving the same disadvantaged popu-
ion. In school year 1978-79, state supported kindergartens will serve students
are not necessarily disadvantaged or handicapped. This could cause a serious
blem with the existing Title I kindergartens due to the comparability require-
t. A mechanism to allow the gradual phase-in of state supported activities
hout being forced to shift federal aid to other program areas is needed.

A second problem experienced in Georgia with comparability is in the ef-
tive use of State Compensatory Education funds and ESEA Title I funds.
the state places more and more emphasis on its funding for compensatory
cation activities, the need for coordination with ESEA Title I activities
hout excessive comparability considerations grows. The current statute and
erpretations by U.S.O.E. almost prohibit effective utilization of both
se sources for the maximum benefit of all disadvantaged students. A possible
ution to these problems would be for the Congress to allow each state to
onstrate comparability on a school district basis rather than on a school
lding basis. This would allow the targeting of funds, both from the state
federal levels, on disadvantaged students regardless of where they may live.
s also would foster closer coordination, and thereby more effective use of
te and federal resources to serve our disadvantaged students.

One minor adjustment you may wish to consider in the Title I program is to
ow teachers, aides, and others funded through Title I sources to participate
the full range of school activities, including bus duty, lunchroom and home-
e duties, and study halls. One large complaint from Georgia superintendents
principals is about the morale problem caused by requiring state teachers
supervise school bus loading, lunch periods, and homerooms while federally

funded Title I teachers sit in their classrooms with no additional assignments or students. These routine duties do not detract from the instructional program offered to disadvantaged students and would not impose an unreasonable burden on the Title I funded teachers.

In December, 1975, the President signed PL 94-142, Education for All Handicapped Children Act of 1975. This statute was designed to provide a mechanism and funding authorization for each state to begin serving its handicapped children in schools. In addition to PL 94-142, ESEA Title I also provides assistance to states to serve handicapped children in state operated schools and institutions. Title IV-C of the Elementary and Secondary Education Act provides a specific set-aside of funding for use with both handicapped and with disadvantaged students, as does the Education Amendments of 1976, PL 94-482, relating to vocational education. It is my position and recommendation to the Congress that we serve our disadvantaged children as well as our handicapped children under a single set of statutes for each area, rather than through the fragmented approach now existing. The funds for handicapped children under ESEA Title I, ESEA Title IV-C, and vocational education programs should be merged with the funding available under PL 94-142 and governed by that single set of statutes. Likewise funding available for programs for disadvantaged students under ESEA Title IV-C and vocational education statutes should be merged into the ESEA Title I program and statutes.

Thank you, Mr. Chairman, for your interest and concern for the children of our Nation, and that of this committee and of the Congress. I extend to you an invitation to visit the educational programs and schools of Georgia in order that we may closely coordinate our efforts to build more productive and successful citizens and a stronger America.

STATEMENT OF ELLIS BATEMAN

Mr. Bateman. Yes, sir, Mr. Chairman.

I think two of these reasons have been brought up in previous uestions by members of the committee. Mr. Buchanan alluded to he fact that the SIE in Alabama sampled most of the major etropolitan areas of the State and neglected to sample some of the oorer counties that were revealed during the 1970 census.

In the State of Georgia the same thing occurred. Four of the 19 oorest counties in the State were included in the SIE sample and ll of the metropolitan areas where we believe all the wealth of the tate is were included.

If you assume that there is a structural difference between overty in the northern part of the country where it is concentrated redominantly in the metropolitan areas and the southern and idwestern regions where it is concentrated predominantly in the ural areas, we think the results you would derive from this would ot be applicable to Georgia.

The second reason, the recession, as Mr. Kildee brought up, at his particular time in 1975 impacted the northern part of the ountry much more severely than it did the southern States. In ooking at the SIE in light of the recession and the income data athered then, it may have overstated the level of poverty in the orth due to that.

The third point Governor Busbee brought up in terms of the urvey applying to Georgia was the methodology in gathering information for the survey. I understand that 45 minute personnel nterviews were held with each household by basically inexperinced and new interviewers. We tend to think that a lengthy ersonnel interview like this is apt to be responded to more accuately by the more educated of our citizenry and thereby more ffluent and this may have tended to bias the results to drop some f the poverty people in the nation.

Chairman Perkins. Dr. Berlam, I will ask you this and likewise sk Dr. Campbell from Nebraska:

Do you know how much of a variation there could be in your tate's Title I allocation, depending on the variation in accuracy of he SIE data for your State?

Mr. Berlam. I don't have that specifically, sir.

Chairman Perkins. You don't. Do you have any idea, Dr. ampbell?

Dr. Campbell. Ours would be a reduction of approximatley 24 ercent, from $10 million, so it would be figured in that manner, he reduction of 24 percent in the allocation fund, in other words, 2.4 million.

Chairman Perkins. Now, if we were to shift to use of the SIE ata, Dr. Campbell, and your State were to have this loss of funds, o you feel you could currently equitably distribute this loss among our local school districts?

Dr. Campbell. No, sir. It would be impossible to do that under resent circumstances. There is compensatory education in our tate aid formula, funds for compensatory education, but a school istrict again must be eligible for equalization, and only about a hird of our districts are eligible for that.

Chairman Perkins. I will ask Dr. Berlam the same thing.

Assuming you lose 13 or 14 percent, Dr. Berlam, is there any way you would currently equitably distribute this loss among your local school districts?

Mr. **Berlam**. Not if we had the same goals of reaching compensatory education programs. I think we would be limited by Federal regulation to spread it out, and we wouldn't be able to pick up the areas, no, sir.

Chairman **Perkins**. Mr. Quie?

Mr. **Quie**. In looking at this map of Alabama and looking at educational achievement, I see Mobile County has 8th grade students at the 6.2 grade level, and 20-30% of the population are poor. We look over at Barbour County, and they are really reading a little higher in grade level, however, and have over 50 percent poor and 22.1 percent functional illiterates. In Crenshaw, by comparison 16.7 percent are illiterate and students are kept at the same grade level as in Mobile which has a poverty rate about ½ of that in Crenshaw.

What makes those kids who are at the 6.2 grade level in Mobile better than those who are 6.2 percent grade level in Crenshaw. Why are they better off at the 6th grade level when they are in 8th grade in Mobile County than they are in Crenshaw?

Dr. **Teague**. I would think, Mr. Quie, it would be some what we are talking about poverty level from in those two counties would be one reason. That would not be accurate itself, of course, because you are talking about a very large metropolitan area with different kinds of problems than what you have in rural Crenshaw County. I cannot answer you specifically.

Mr. **Quie**. But the assumption we have is that you distribute the money based on poverty, that the underachiever in a non-poverty area or from a non-poverty family is for some reason or another better off than an underachiever in a poverty area or poverty family. That is really the statement all of you have been making.

Dr. **Teague**. I think what we run into is in the figures you are talking about averages of students, and the way title I funds are distributed, a school must be eligible, as we all know, by percentage of low income, but the youngsters in these programs can be from any family of low achievement levels. I think within all of that maze you will find your answer.

Mr. **Quie**. Yes, that is right. Once you get it to the school you don't count poverty level at all. But you don't even get it to the county. You don't get the money to Mobile County the way you do to any of those other counties, because they don't have as high a percentage of poor.

Dr. **Teague**. Dr. Karson would like to comment further for you, Mr. Quie. He has developed these charts.

Dr. **Karson**. I can comment on the measure of correlation between grade equivalent scores of 8th grade students on the CAT tests in Alabama counties in May of 1976, and poverty as measured by the percent of children below the poverty threshold by the 1970 Census, and this correlation is very high in an inverse way, so that the higher grade equivalent counties, higher test score counties are associated with the lower poverty children, measured by the 1970 Census, on the average for all 67 Alabama counties.

Mr. **Quie**. On the average you are talking about?

Dr. **KARSON**. Yes, oh, yes. Correlation measured.

Mr. **QUIE**. That is like the person who drowned and the river verages 6 inches deep.

Dr. **KARSON**. Yes, there are deviations from that number, howver. I think statisticians would agree that the number, which in his case is .86 on a scale between minus 1 and 1, is high, which eans that there is a high degree of correlation between test chievement and poverty level in an inverse way.

Mr. **QUIE**. And I don't know what happened then in Mobile ounty, if that is the case. They shoudln't be at the same grade vel or should be a little worse off than Barbour.

Dr. **KARSON**. It's your average argument; in other words, there re going to be among the 67 counties that may not even show that me relationship.

Mr. **QUIE**. That really helps tie it.

Dr. **TEAGUE**. There are certain systems we all recognize will mply do a better job than others, too, with what they have to do ith.

Mr. **QUIE**. It's interesting with Barbour, which is poor, and 22.1 ercent functional illiterates in the county, they are doing at least well as Mobile County. That means they don't have the parental ackground of educational achievement there in Barbour County, or do they have the income as well.

Let me also ask Mr. Berlam again, what was the base?

Mr. **BERLAM**. Newport and Quonset.

Mr. **QUIE**. Newport is where all of the unemployment came about; that right, or where was the area? There was a Naval complex ou spoke of in your testimony.

Mr. **BERLAM**. Two bases on both sides of the Bay, one was Quonset oint and one was Newport, and they lost in the vicinity of 50 ercent each. Quonset closed completely, Newport is partially ened.

Mr. **QUIE**. So, therefore, they lost their jobs and became a poor rea.

Mr. **BERLAM**. It was hard hit, yes, sir, not just the jobs in the cility itself, but the ancillary services provided by the city to the ase.

Mr. **QUIE**. Now, why were those children suddenly underachievs, because their parents got thrown out of work?

Mr. **BERLAM**. I didn't imply that, sir.

Mr. **QUIE**. That is the basis under the formula that we operate.

Mr. **BERLAM**. I see.

Mr. **QUIE**. If they suddenly became poor then the children are nachievers. If the family or husband and wife are divorced and the other goes on the AFDC with the children, they are suddenly nderachievers and ought to get more money. In the rural area, if the census income year it didn't rain, the income is down and all the ancillary services are down, too, and those people are poor, nd, therefore, they get more money. That is all right for all of ose, I guess, that suddenly become poor and the students are hievers, but what I hear from you is that now all of a sudden in e SIE that they probably don't have as many poor anymore, and u are claiming there are just as many underachievers as there ere before.

That is the other way about it. That is what I was asking u there. What I look at is a most peculiar formula we have when yo go to the individual child. Now, on averages it's true. But on th individual child, it doesn't make much sense to me, so can you giv me your thoughts?

Mr. BERLAM. I think we are living within the intent of th formula, sir, which measures basically poverty and education i correlated closely, but as you know, Newport happens to be one o the models examining the possibility of moving into achievement a well as economically disadvantaged.

Mr. QUIE. Now, do you support Newport's flexibility and woul you support other school districts to have the same kind of flexibility in distributing the money within the district?

Mr. BERLAM. I can support the positive effect we have seen i Newport, yes, sir. I cannot say that model could be transported lock stock and barrel, and have the same effectiveness, but in Newport i has had some positive effect in the last year and a half, yes, sir

Mr. QUIE. The beauty of it is they can make some decisio themselves on how to use that flexibility. It wasn't imposed o them. That is what I maintain, that other school districts ought t have that kind of flexibility.

How about the rest of you; do you think the school districts ough to have the flexibility so they can distribute the money within th school district based on achievement rather than just some povert indicator?

Dr. CAMPBELL. I would be willing to, because I do believe tha underachievers need help regardless of what the condition the reside in. On the other hand, I think that those who would suppor using socioeconomic disadvantage have a point in that they hav been left out of "the main stream" for some time. There does nee to be, in my opinion, some protection of that attention, so that w do not fall back into the previous way we have done it.

Mr. QUIE. How are they not protected if we abide by the sam assumption that if they are poor they are underachievers?

Dr. CAMPBELL. I think the comparability formula, perhaps, is on of the areas that indicated the comparability between differen schools. I believe there was that data which would show there wer discrepancies in this area. As we decentralize more in the larg school districts which we are doing in our State, we do need th guarantee that those youngsters who have the greatest need wil also receive the greatest number of services.

Mr. QUIE. By greatest need, you mean educational needs?

Dr. CAMPBELL. Educational needs.

Dr. TEAGUE. Mr. Quie, I would like to comment also on that an make, hopefully, two points.

I believe in the more flexibility of the local districts. I think wit perhaps legislation, Congressional guidelines that the better decisions affecting youngsters are made closer to them, as close a possible. I do support flexibility and local decisionmaking. I thin no school in this Nation would be better than the community i which it is wants it to be, so I do support flexibility.

I would like to comment briefly on what Dr. Campbell said abou comparabiity. Title I comparability has given us some real problem our State, and I would think in three or four other States where ey are implementing a phase-in kindergarten program. This was e first time Alabama has had public supported kindergarten ograms. We only have 200 units this year; we asked for 500 next ar.

As a result of the comparability program, some schools refuse to cept the units because of these problems, and I would like for us be able to address that in some manner, to maybe hold harmless something in these schools on comparability until we get these ograms phased in, because kindergarten programs in the States at do not have them are one of the biggest problems.

This is one reason we see Alabama third grade test results as npared to other States look so pretty. Most States had 4 years, t 3 years. We have only had 3, so this is a real problem with us in nparability.

Mr. Quie. Let me ask the two of you, do you feel we ought also to e some flexibility at the State level? Mr. Berlam talked about ing able to integrate it in with the State compensatory education ogram. Some States have their own State compensatory education ograms; others don't. How do you feel about giving more flexibil- at the State level so you can use factors of achievement? You ve at least a statewide team in Nebraska, Mrs. Campbell.

Dr. Campbell. In my original testimony I made the statement at I preferred title I to come through a State plan, because the ta necessary for taking care of the problems of the boys and girls o need it the most is best known, as Dr. Teague said, at the local el, and I think the data on which we have based allocations, the ta on which perhaps we have based the different segments of the ogram have to be presently on a nationwide basis, and do not take o account the diversity within the State.

So I would very much support a State plan, and allowing more xibilty at the State level.

Mr. Quie. Mr. Teague?

Dr. Teague. I would go along with that point. I think we must not get the intent of Congress, and as I said earlier, with proper idelines from the lawmakers, and also we don't want any audit pections becuase it causes too mch flexibility.

Mr. Quie. If we give you flexibility, I assume that would be the ent of Congress and you wouldn't have to worry about it.

Dr. Teague. Fine.

Mr. Quie. Let me ask you, Mr. Berlam, if you go to a situation in ode Island where no LEA would get any title I money if this idence of poverty was below the statewide average, how mnay A's would lose money in the State; do you know?

Mr. Berlam. I don't think it would be substantial, and I didn't ply they shouldn't serve either. I think the responsibility lies thin the State through their own compensatory education pro- m, to pick up the slack that has been moved. In other words, if go by concentration on a statewide basis and some of the lower d do lose Federal dollars, I think it is our responsibility at the te level to increase our own allocation to pick up the slack so the vices to those children are still provided.

The problem we might have with that lies in the fact that ou compensatory education program at the State level has parameter estabished by Federal regulations, and we would have to look a that very carefully, and that was my second appeal, so we can hav more motivation at the State levels with our own Legislatures t provide more dollars, that we can have more dollars that we ca have more flexibility in the State compensatory education program without Federal restrictions coming down on top of it.

I hope that answers what you are asking.

Mr. **QUIE**. Yes. Because I guess California really ran into problem.

Mr. **BERLAM**. That is correct, sir, and, in fact, there is a cour decision out there on it.

Mr. **QUIE**. That would be one way of handling the situation tha bothers me in the Alabama map here where it looks to me lik Barbour County and Mobile County have equal educational deprivation among the children, and if anything, Mobile is slightly wors off in achievement than Barbour County, but under you rcommendation, Mobile County wouldn't get any title I money bu Barbour County would. That is what bothers me. If we permit yo to then crank in State money to do the same thing, it wou ld be way of resolving it.

I personally feel you ought to be able to give that flexibility als on the State level to take other factors into consideration tha poverty.

Now, let's go back to the Federal distribution of money among th States. You all indicate substantial dissatisfaction with that SI report. I will wager anything you want that when the 1980 Censu information comes out the same thing is going to happen. Then yo won't be able to fuss about a report anymore. The reason why I sa that is that is what happened between 1960 and 1970.

Now, we have a lot of choices, as you may have surmised i listening here. Do any of you have any suggestions to make th distribution among States more accurate than it is now, so i actually helps you according to the problems that you have dow there? When you look at that map that you included in you testimony and then take also the old one of the 1970 Censu information, a high percentage of poor kids are still down in tha Sun Belt area of the southern part of the United States.

Dr. **TEAGUE**. I would like to ask Dr. Karson to comment betwee the 1970 and 1960 Census, but I would like to see you after th recess about the wager to see if you would wager the vast differenc would also be there in 1980.

Mr. **QUIE**. It will be there, because 50 percent of the people didn' cease to be in poverty. What it meant is under that formula it wen down some in Alabama and up in other places. You saw wha happened in Nevada, which is a small State, with a small amount o increase, they shot up 54 percent. I mean, that is what really shifts It's a shifting of money that really hurts you bad, not just th numbers of kids.

Dr. **TEAGUE**. I would like to agree with something I think I picke up in your discussion, Mr. Quie, and that is probably the immediat shift has very little to do with the long range educational problem in a State or county. But that it just stays in that county or city or that State over a period of time is what makes the difference. I think I heard you saying that, and I certainly want to agree with that position.

Mr. **Quie**. Mr. Karson?

Dr. **Karson**. Based on what you said I do believe that the same overall relationship, based on our analysis of the 1960 to 1970 Census changes will occur in 1970 to 1980. However, as you said, that is on the average. I don't think the same thing will happen, at least based on our analysis at this time, I don't think the same thing will happen for the particular State of Alabama, which went from the 1960 to 1970 Census a decline of 38 percent, which was very close and reasonable, and predictable on the basis of per capita income.

Then it went 38 percent from 1960 to 1970, and then, according to SIE, 50 percent more from up to 1975. Now if we continue to 1980——

Mr. **Quie**. No. I don't assume that there will be a further one until 1980, but I don't see that what they picked up and the trends that were happening there is going to be reversed, so you are going to go back to the 1970 situation. Your problems are going to be severe. You are going to have a reduction in 1980 Census figures.

Dr. **Karson**. I agree, I hope so.

Mr. **Quie**. And very substantial if we don't change the formula. That is really what I am talking about. You have Rhode Island and Alabama and Nebraska and Kentucky.

Mr. **Berlam**. If the Congress, in its wisdom, establishes a formula based on critera which uses Census, AFDC, no matter what the criteria may be, then we would follow that legislation. All we would want is to make sure that the data was reliable and current, and I think the question I have, speaking form Rhode Island, is not that we would question whether we should get less money if the formula comes out that way, but we want to make sure that when the criteria is cranked into the formula that it is relable data and I am questioning the survey, not the data that would come out in 1980 or 1982.

Mr. **Quie**. There are also some substantial differences where we set our benchmarks. Should we set it at the poverty level where half of those kids are underachievers and half average achievers? That means you will cut that poverty level substantially from where it is now, or should we, instead, set it, the poverty level where half of the underachievers are poor and half of them are nonpoor? That means you are going to be about 150 percent of Orshansky or 50 percent of the median income in the country, those two.

Those are decisions that we have to make. You ought to look at how it affects you educationally, because the Northeast and the Southeast are two vastly different areas. I will tell you if we go one way, one is going to come out like gangbusters, and if we go the other way, the other is going to come out like gangbusters. You can guess about where you are going to be. That is the question I want you to come back to us with an answer. That is what I assume we are going to do.

As I said, I would like to see us go to an achievement basis t distribute the money among States, but I see what is against me o that, and I don't expect it to happen. I hope I can get it in the loca school district for sure, and some opportunities for more flexibilit within the States. But since that is probably going to be the case let's take a look at that poverty formula, because we are going t find out that with all of the inaccuracies you can point out at th achievement basis, whatever we do in poverty, is going to be a lo worse. But let's make certain that whatever we do that is a lo worse, that it isn't as bad as something else we might do.

Thank you.

Mr. KILDEE. Mr. Buchanan?

Mr. BUCHANAN. Thank you, Mr. Chairman.

You know, the great pity is that what we need to do is both wha Al Quie proposes and what Shirley Chisholm proposes; that is, w need to care for the needs of disadvantaged people and move up th economic levels that we consider poverty levels for such purposes and take care of the specially talented kids in those families an take care of the children who are educationally disadvantaged i higher level income families. What we really need to do is all o those things. I just really hunger for the day when the Congress an the country decide to make the kind of commitment to educatio that will give you more wherewithal to do that job for all of th children involved.

Mr. KILDEE. Would the gentleman yield on that point?

Mr. BUCHANAN. Yes.

Mr. KILDEE. I find serving here in the Congress the same proble I experienced serving in the State Legislature when I was in charg of the State aid formula. When all was said and done, every year i seemed we wound up trying to distribute the insufficiency a equitably as possible, and I think that is the constant problem i funding education.

I yield.

Mr. BUCHANAN. Thank you, sir; you could not be more right.

I just want to call attention of the committee to the very fin educational and professional backgrounds of Dr. Karson and Dr Kurkjian. You certainly are highly competent to make a study lik the one you present today.

Let me ask just a couple of questions about it. You have a char in which you show the relationship between the change in pe capita income and the change in SIE, according to SIE, from th 1970 Census. That is on page SIE 12.

The change in per capita income from 1969 to 1974 seems to b pretty great generally, it is in excess of 35 percent. I think in al cases it is up. Is this in constant dollars or is there any degree o inflation reflected here, or did the country really do that well?

Dr. KARSON. This is not indisposable personal income. It is not i disposible personal income.

Mr. BUCHANAN. Would you further clarify that for somebody wh does not deal with statistics? Does that mean it does not represent a change in real income?

Dr. KARSON. Yes.

Mr. BUCHANAN. Buying power?

Dr. **Karson**. Yes.

Mr. **Buchanan**. So it is a dollar change in income?

Dr. **Karson**. Yes.

Mr. **Buchanan**. Then the inflation during this time frame would be a factor. In other words, it would not represent a vast increase in wealth necessarily, it could represent entirely inflation. Is that correct?

Dr. **Karson**. That is right.

Mr. **Buchanan**. You have what you call 99 percent confidence belt on the chart, and you have certain States falling within that belt, and Alabama, for example, and Florida, are ones reflected in your testimony falling far outside of that belt. As a matter of statistical analysis, what does it mean when these two measures agree to the extent as that the case on the States that are within this 99 percent confidence belt?

Dr. **Karson**. Okay. If an estimate is outside of the belt, it would tend to cast some doubt on the reliability of the estimate, because what it is essentially, it is out of line with the value as predicted by the change in per capita income.

Mr. **Buchanan**. Very good. I appreciate that very much.

Dr. Teague, we have had previous testimony before the committee which has rcommended supplemental funding for urban LEA's. I notice in the appendix to your testimony that you suggest supplemental funding for both urban and rural LEA's. Would you comment on that recommendation?

Dr. **Teague**. Mr. Buchanan, we think it is not fair to do either one without the other. While it would probably benefit our State more if you went strictly rural, it would not be fair. We would like to see both rural and urban considered, maybe the same percentage in each, or maybe a minimum number of youngsters per system. We think both factors should be considered.

Mr. **Buchanan**. I wonder now if anyone else has a comment on that issue.

Mr. **Buchanan**. I guess none of the others have a comment on that. We received testimony yesterday from Congresswoman Chisholm that Title I teachers should be exempt from nonteaching duties.

Do you have any comment on that recommendation?

Dr. **Teague**. Yes, sir. I think it is utterly ridiculous to think that you can administer a school when you show any group of teachers that kind of favoritism. I might add that my daughter is a Title I kindergarten teacher. You build in problems moral and otherwise when other teachers have homeroom assignments and the other teachers have 30 minutes free.

We think the principal of the school should be able to assign the Title I people reasonable assignments, duty assignments other teachers receive. That is our position.

Dr. **Campbell**. I concur.

Mr. **Bateman**. Mr. Buchanan, in traveling through the State of Georgia last fall talking to principals and superintendents in many of our school systems about Federal programs and the impact on the local child there and how his staff was affected, et cetera, one of the biggest complaints we found from principals and superintendents was that we took a group of employees because they were paid from Title I funds and segregated them from the rest of the employees in the schools in terms of the routine assignments that all instructional staff got.

We would like very much to have the commission in Georgia have Title I teachers have homerooms, supervise the loading and unloading of buses and work in the lunch room. We believe this is as much of an educational process as is the instruction in the classroom.

Dr. **Campbell**. May I say, Mr. Buchanan, that educationally, I think as was alluded to, if teachers see children in other activities, there is educational benefit in working with them in specific areas. Therefore, I agree that it should be this way.

It took us some 50 years, for instance, to get vocational education people into the mainstream of high schools and secondary schools in the same manner because they were funded from another place and oftentimes did not take part in the regular assignments for teachers and therefore this would be a repetition of that which we have just now overcome in the vocational education field.

Mr. **Buchanan**. Mr. Berlam, you recommend a follow-the-child provision for serving children in desegregated school systems. Sometimes the same result can happen for other reasons, since the program targets the school and not the child, and that child can move out.

Do you have any comment on other cases where children move out for reasons other than desegregation and do you recommend in those cases also that the program should follow the child?

Mr. **Berlam**. Yes, sir, I think so. What I was trying to say is that on occasion it happens to the child and it is beyond his ability to prevent such as the desegregation program, that the services should follow him.

I imagine there are other activities in the local school district which would move that child around logically and that should follow him as well.

Mr. **Buchanan**. Does anyone else have a comment on this matter of following the child? We have had a good bit of testimony on that subject.

Dr. **Teague**. Just so it won't look like we are all in total harmony, I have a reservation about it, Mr. Buchanan. I think administratively it is almost impossible to handle. I think the idea is sound, but I have serious reservations that you could administratively do it.

Mr. **Buchanan**. I note also in your testimony, Mr. Berlam, that you reminded us of the growing problems of functional illiteracy among the nation's youth. This is a serious problem. Yet in your State, and generally, only a small fraction of the Title I money goes to the educationally disadantaged children beyond the sixth grade level.

I wonder if you would comment on how we can meet their needs more adequately? I think it is generally the case that we don't get beyond sixth grade, even though we have this serious problem with the elementary children.

Mr. **Berlam**. It is an administrative problem. It is ironic that we find the administrative problems dictating what the benefits should be to the children. The supplementing provision is extremely hard to get around in secondary schools as we know education in the country. That is part of the problem.

I think if we had some flexibility in that, it would assist a great deal to move the programs out of the elementary schools into the secondary schools.

Just as important is the emphasis which could be placed upon the integration of Title I programs with all programs. If we could start to use Title I programs in concert with Right-to-Read, Title IV, handicapped, 94-142 and L and D disadvantages so we start to get integration of programs, then it would outreach into these other school levels.

Again, the regulations limit the ability for one to reach into the others. I think those are the two ways we could do it with some help from the Congress and the Office of Education.

Mr. **BUCHANAN**. Thank you.

Does anyone else have a further comment?

Dr. **CAMPBELL**. My earlier experience as a Federal program director in a local school district in which there were some 10 Federal programs, we had 10 different people, 10 different sets of regulations dealing with exactly the same youngsters, the same youth, the same adults, and unfortunately each tried to keep its own visibility and viability when in fact with some flexibility we perhaps could have supported the family to a greater extent and thereby gained in support for children from the family in the school because we have data which shows there is a direct correlation between the interest of the family in education and their own educational level and what they expect from their children and how they will be encouraged to help them.

I do not see the cycle of poverty broken until we get into that kind of a cycle.

Mr. **BUCHANAN**. Now, Mr. Chairman, I am a long way from statistics, but I remember learning once in school to my surprise that I was composed mostly of space and that door is composed mostly of space and we are comprised of molecules in motion so it would be possible, although highly improbable, that I could walk through that door without any damage to me or the door.

I would say in the case of this SIE survey on the basis of the expert testimony we have had here this morning, that the probability seems to be rather great that there did indeed occur a statistical aberration in this SIE that makes it a most unreliable thing to lean upon.

It is my profound hope, therefore, that Congress will see fit to heed the testimony of the witnesses before us.

I want to thank you all for your very fine contribution to our hearing.

Mr. **KILDEE**. Mr. Buchanan, the phenomenon of which you spoke was referred to by Thomas Aquinas who borrowed it from Aristotle. He called it compenetration.

I want to thank the witnesses very much. You contributed a great deal to our hearings on the Elementary and Secondary Education Act. As you probably know, the testimony is being bound together by subject matter. For instance, bilingual, impact aid, Title I. I think it will be an extremely important document. We appreciate your contribution to that.

We will stand recessed until 9:30 tomorrow morning.

[Whereupon, at 12:45 p.m. the subcommittee recessed, to reconvene at 9:30 a.m., Thursday, November 10, 1977.]

[The prepared statement of Thomas C. Todd follows:]

STATEMENT BEFORE THE HOUSE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

NOVEMBER 9, 1977

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I AM THOMAS C. TODD, STATE SUPERINTENDENT OF ELEMENTARY AND SECONDARY EDUCATION OF THE STATE OF SOUTH DAKOTA. ON BEHALF OF THE STATE BOARD OF EDUCATION, I SINCERELY APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE REGARDING ONE OF THE MOST IMPORTANT EDUCATIONAL PROGRAMS FUNDED BY THE CONGRESS OF THE UNITED STATES.

I WILL BE BRIEF AND WILL ADDRESS THE FOUR MAJOR CONCERNS THAT I HAVE REGARDING THE FUTURE OF TITLE I OF THE ELEMENTARY AND SECONDARY EDUCATION ACT.

1. SHOULD TITLE I MONEY BE DIRECTED AT LOW-ACHIEVING STUDENTS, RATHER THAN THOSE FROM POOR FAMILIES?

IT IS MY OPINION THAT IF CONGRESS ENACTED LEGISLATION TO BASE THE DISTRIBUTION OF TITLE I FUNDS ON THE NUMBER OF CHILDREN WHO HAVE BEEN DETERMINED TO BE "LOW-ACHIEVERS", THAT THIS DISTINGUISHED BODY WILL HAVE MADE THE FIRST STEP TOWARD A NATIONAL TESTING PROGRAM AND A NATIONAL CURRICULUM WHICH I WOULD VIEW AS A BLUEPRINT FOR EDUCATIONAL DISASTER. NOT ONLY WOULD I OPPOSE NATIONAL TESTING PROGRAMS FOR THIS PURPOSE, WHICH I BELIEVE WOULD THEN BE ESCALATED TO BECOME PARTS OF OTHER FEDERAL LEGISLATION AND PROGRAMS, BUT I ALSO OPPOSE ANY FURTHER EROSION OF THE COMMITMENT OF THE FEDERAL GOVERNMENT TO MEET THE LEGITIMATE NEEDS OF CHILDREN WITH A HISTORY OF POVERTY AS THE BASIS FROM WHICH THEY MUST STRUGGLE TO ACHIEVE THE SIMPLE PROMISES OF EQUALITY UNDER OUR CONSTITUTION. TO ME, POVERTY IS A CANCER THAT IS AT THE

ROOT OF MOST OF THE SOCIAL CHALLENGES FACING THIS NATION. FOR CONGRESS AND EDUCATION TO MOVE FROM THIS COMMITMENT FOR SOCIAL JUSTICE IS ALMOST UNTHINKABLE. AS AN ASIDE, I WOULD STATE TO THIS DISTINGUISHED COMMITTEE, THAT ONE OF MY DISAPPOINTMENTS IN MY PROFESSIONAL LIFE HAS BEEN THE INABILITY OF EITHER THE STATES OR THE FEDERAL GOVERNMENT, BECAUSE OF INSUFFICIENT FUNDS, TO REACH ALL OF THE CHILDREN THAT SHOULD BE SERVED BY A PROGRAM OF COMPENSATORY EDUCATION WHOSE GOAL IS TO LIFT UP THOSE WHO FOR THE MOST PART HAVE BEEN TRAPPED IN THE MIRE OF ECONOMIC DEPRESSION OVER WHICH THEY HAVE NO CONTROL.

IN ADDITION, WHEN TEST DATA BECOMES THE MEANS FOR DISTRIBUTING FUNDS AT ANY LEVEL, THEN WE PLACE A NEGATIVE ASPECT INTO THIS TOTAL EFFORT. IN OTHER WORDS, THE POORER JOB A STATE DOES IN MEETING THE EDUCATIONAL NEEDS OF CHILDREN UNDER A TESTING CRITERIA, THE MORE FEDERAL MONEY THEY WILL RECEIVE UNDER THE PROPOSED CHANGE TO THE USE OF EDUCATIONAL DATA FOR THE DISTRIBUTION OF TITLE I FUNDS. I HAVE NO OBJECTION TO THE CONCLUSION OF THE TITLE I PROGRAM WHEN THE GOAL OF ELIMINATING POVERTY IS REACHED.

SOUTH DAKOTA DOES NOT HAVE MANY OF THE PROBLEMS OF THE URBAN AREAS OF THIS COUNTRY WITH THE CONCENTRATION OF POOR PEOPLE IN THOSE LOCATIONS, BUT I WISH TO SPEAK OUT STRONGLY AND GO ON RECORD AS BEING SYMPATHETIC TO THE NEEDS OF THOSE URBAN AREAS BECAUSE CHILDREN ARE THE SAME NO MATTER WHERE THEY LIVE AND WE CANNOT GROW AS A NATION AS WE SHOULD AS LONG AS WE FAIL IN OUR COMMITMENTS TO AN EQUAL OPPORTUNITY.

2. WHAT ABOUT THE ADMINISTRATION OF TITLE I?

It is absolutely essential that the funds for the administration of Title I programs remain at the state level and be increased from the minimum amount ($150,000 per fiscal year) to a more realistic figure which recognizes the influence of inflation and increased demand on programs and activities which have occurred over the years. I personally feel the minimum should be at least $250,000 for any state and that an additional percentage increase should be included for those states receiving more than this amount because of the number of students which qualify for this program.

I am opposed to any pass-through provision which provides funds directly to a local education agency. Every federal program that involves education should and must take advantage of the state education agency's ability to review and monitor the needs and accomplishments of any specific effort in education. To ignore this opportunity is also to ignore the Governor's Office, the state legislature and other state agencies which can cooperatively provide a coordinated effort to insure the success of any program.

3. Is there a need for increased funds?

In addition to the increased funding levels for the administration of Title I, the total funds should be increased to allow the schools to provide services for ALL eligible children, which was the original intention of this Act. Every year we fail to do so, we, in effect, cast thousands of children into the darkness of hopelessness and despair.

4. What about the writing of state plans each year?

If the Congress wants to assist the staffs of the states, THEN THIS LEGISLATION MUST PROVIDE THAT STATE PLANS SHOULD BE MULTI-YEAR APPLICATIONS WITH ANNUAL UPDATES WHICH WOULD CONSIDERABLY REDUCE THE AMOUNT OF PAPER WORK NECESSARY AT BOTH THE STATE AND LOCAL LEVELS.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE AND STAFF, I RECOGNIZE AND APPRECIATE THE LONG HOURS AND DEVOTED ATTENTION YOU HAVE GIVEN TO THE TESTIMONY PRESENTED ON THIS SUBJECT AND I REGRET IT IF I HAVE CONVEYED ANY THOUGHTS THAT WOULD IN ANY WAY BE CONSIDERED AS LESS THAN KIND TO ANY MEMBER OF THIS COMMITTEE. I HAVE GREAT RESPECT FOR THOSE WHO DISAGREE WITH MY COMMENTS, BUT I FEEL AN ABSOLUTE OBLIGATION TO BE HONEST, DIRECT AND TO THE POINT AS TO HOW ONE CHIEF STATE SCHOOL OFFICER VIEWS THESE ISSUES.

THANK YOU.

PART 19: TITLE I—FUNDS ALLOCATION, THE ESEA AMENDMENTS OF 1977

THURSDAY, NOVEMBER 10, 1977

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 2175, Rayburn House Office Building, Hon. Baltasar Corrada presiding.

Members present: Representatives Corrada and Kildee.

Staff present: John F. Jennings, majority counsel; Christopher Cross, minority staff director; and Nancy L. Kober, staff assistant.

Mr. Corrada. The committee will come to order. We are today concluding a long session of hearings that we have had with respect to the Elementary and Secondary Education Act. We have had 54 days of hearings this year with respect to this very important legislation, which involves approximately $5 billion, all renewable next year, when we have to reauthorize this Act.

So Mr. Kildee and myself, and all the members and staff, feel very pleased that we have been able to have substantial testimony from key witnesses from all over the nation, and, of course, today we will have some additional witnesses.

I have the pleasure of calling the first witness today, Mr. Carlos Chardon, Secretary of Education of the Commonwealth of Puerto Rico.

Good morning. Before you give us your statement, I would like to say that Mr. Chardon's past experiences have enabled him to develop a unique perspective, particularly with respect to the Federal education programs. Mr. Chardon taught at the University of Puerto Rico, and was in charge of the governor's Office of Federal affairs. He is a long-standing member of the Education Commission of the States, and a member of its Steering Committee. He held the unique position of state liaison of the Department of Health, Education and Welfare in Puerto Rico. Six weeks ago, he presided at the Third Ibero-American Conference of Ministers of Education, which was held on our Island.

Before introducing Mr. Chardon and receiving his testimony, I would like to share with you and the subcommittee members, some overall impressions and realities of our educational system. Public education in Puerto Rico is the responsibility of the Department of Education, which is funded out of the local treasury with $233 million of local funds. It serves 710,000 children in grades Kindergarten-12, 615,928, or 87 percent, of whom come from poor families. Twenty-five percent of our teachers are uncertified. Sixty percent of buildings are in need of major repairs. Supportive services such as health care and counseling are nonexistent. Textbook supplies are inadequate, with 56 cents being spent per pupil for this purpose. Our average per pupil expenditure of $646.36 is half the national average. The median years of schooling is 6.9 years, again, almost half of the national average. The drop-out rate is 5.1 percent, or over 35,000 students per year. Overcrowding is pervasive, resulting in quinmesters, double shifts, and limitations of academic offerings. Thirty-five percent of the student body does not receive the optimal six hours of daily classroom instruction. In sum, it is a system which is equitable in that it discounts imbalances in the tax base, yet it is burdened by the stark socioeconomic realities.

I am sure that for those of you who through the years have been apprised of the critical educational situation in Puerto Rico, our plight has the familiar echo of a broken record. For those of you who are unacquainted with our needs and aspirations, I ask that you refer to two items which afford the requisite background, and which I would appreciate being put in the record. These are: my Dear Colleague letter of March 31, 1977, and my testimony of October 13, 1977, before the Senate Subcommittee on Education, Arts and the Humanities.

[The information referred to follows:]

BALTASAR CORRADA
Resident Commissioner, Puerto Rico

JOAQUÍN A. MÁRQUEZ
Administrative Assistant

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March 31, 1977

Dear Colleague:

Shortly I will be introducing a bill aimed at redressing a discriminatory pattern in the manner in which funds under Title I of the Elementary and Secondary Education Act (ESEA) are allocated to Puerto Rico. The bill would amend the various sections of Title I, ESEA, in order to treat Puerto Rico on the same basis as the States.

In order to place the issue in perspective, some legislative history is necessary. On January 12, 1965, Mr. Perkins introduced H.R. 2362, the Johnson Administration's bill in the field of elementary and secondary education. The major component of the bill provided for federal support for the education of disadvantaged students (Title I). The bill as introduced treated Puerto Rico on the same basis as the States. What transpired in the House Education and Labor Committee is unrecorded history. The fact remained that, by the time the bill was reported, Puerto Rico was fettered into a "set aside" category, of varying percentages, in virtually all titles, to be shared with the outlying areas.

The effect of placing Puerto Rico within the "set aside" was particularly burdensome in Title I, which ironically was aimed at areas with a high concentration of disadvantaged students, such as Puerto Rico. While Puerto Rico had started out on an economic disadvantage and was striving to catch up with the mainland, federal support was being limited.

Through the years my predecessors have been successful, in varying degrees, in breaking this colonial vestige. Thus in 1972, the Economic Opportunity Act was amended, as was the Higher Education Act, to virtually eliminate all exclusions and limitations for Puerto Rico. However, ESEA is another story.

In 1972, Puerto Rico received $26.7 million in Title I ESEA funds under the "set aside" basis, $58.2 million less than the $84.9 million the children of our island would have received had it been treated on an equal basis with the States.

On April 4, 1973, the Secretary of Education of Puerto Rico testified before the General Subcommittee on Education (House), on H.R. 69, presenting the case for removing Puerto Rico from the "set aside" in all of ESEA.

In May of that year, Congressman Lloyd Meeds introduced an amendment in the aforementioned subcommittee, to include Puerto Rico as a state in all sections of ESEA coming under the scope of H.R. 69. Under Title I, ESEA, Puerto Rico would work-up to its full entitlement by increments in three (3) successive fiscal years.

On August 3, 1973, the General Subcommittee on Education reported out H.R. 69, treating Puerto Rico as a state in all segments of the bill, except that for purposes of Title I, ESEA, a two year phase-in would be in effect. In determining Puerto Rico's allocation, 40% of the Commonwealth average per pupil expenditure would be employed. While States use 40% of their average per pupil expenditure but if their average per pupil expenditure is less than 80% of the national average, they are entitled to use 80% of the national average. This latter option is not given to Puerto Rico.

The House/Senate Conference on June 27, 1974, stipulated that Puerto Rico's Title I allotment shall be derived by using the Commonwealth's average per pupil expenditure ($646.36) as opposed to having the option of using the national average ($1,194.21); and, in addition, limited Puerto Rico's allocation to 50% of its entitlement for fiscal 1975 and 75% for subsequent years during the life of the bill.

Even though this modification in the Title I formula permitted to increase Puerto Rico's share from $30 million in fiscal 1974 to $47 million in fiscal 1977, current estimates indicate that if Puerto Rico were to be treated fully as a state under Title I, it would have received $97 million.

In the near future Congress will be examining the expiring ESEA legislation. I think twelve years is a long time to wait for equal educational opportunities for our children in Puerto Rico who, as the children of the fifty states, are citizens of this nation. I am a firm believer that some day Puerto Rico will become a state of the union with all the rights and responsibilities. However, we must strive for our maximum development and devotion to the pressing economic and social problems we are facing. We are already devoting over one third of our local budget for education. The slight increase in federal support we have experienced has enabled us to improve our critical situation, but we are still way below where we should be. We still have double shifts, our teachers need more upgrading, our illiteracy rate is still high, and our students still drop out.

More than half of the students in the Puerto Rican education system will ultimately become part of the mainland labor force. Unless we improve our educational system, we cannot hope to improve the employability of the American citizens of Puerto Rico. If we do not eliminate these differences now, we will be allowing Puerto Rico to stay behind.

In committing ourselves to alleviating a critical situation in Puerto Rico and in providing justice to our students, it is not the intention to diminish federal support to other jurisdictions, which is also vitally needed. I am confident that through a phase-in mechanism and through the necessary appropriations, we can make sure that equity is provided to all our disadvantaged schoolchildren.

If you would like to join me in this effort to upgrade the burdened educational system in Puerto Rico, to redress a present inequity of law, and to provide a work force with a better academic preparation, please contact my legislative assistant, Andy Usera, at extension 5-2615, before Wednesday, April 6th.

Cordially,

Baltasar Corrada
Member of Congress

Statement of the Honorable Baltasar Corrada, Resident Commissioner From Puerto Rico

MR. CHAIRMAN, HONORABLE MEMBERS OF THE SUBCOMMITTEE ON EDUCATION ARTS AND THE HUMANITIES, LADIES AND GENTLEMEN...

My name is Baltasar Corrada, and I am the elected representative in Congress of the 3.2 million American citizens of Puerto Rico. I am grateful for this opportunity to share some insights with you, and to make some recommendations regarding federal aid to elementary and secondary education, particularly as it affects Puerto Rico. I would appreciate your including my full statement in your hearing record.

Mr. Chairman, we are on the threshold of renewing our federal commitment to education, which originated as part of the great society programs some twelve years ago. Great strides have been made in providing the type of assistance which will translate itself into tangible academic improvements. Nevertheless, our task is far from being complete.

The distance which separates the ideal and reality is still quite disparate in some jurisdictions, but this is particularly true in Puerto Rico. What may be defined as standard on the mainland may only be wishful thinking in Puerto Rico, whose efforts are directed at bringing all of its educational standards up to a minimum level, if measured by stateside yardsticks.

Let me expound on what our school system is like. Public education in Puerto Rico is administered by the Department of Public Instruction, funded out of the local treasury, and serving 710,000 children in grades K-12; 615,928, or 87% come from poor families. Physical plants are inadequate, with

60% in need of major repairs. Twenty five percent of the teachers are uncertified. Supportive services, such as health care and counseling are non-existent. Textbook supplies are inadequate, 56 cents being spent in this area per student. Our average per pupil expenditure of $646.36 is half of the national average. The median years of schooling is 6.9 years, again, almost half of the national average. The drop-out rate is 5.1%, or over 35,000 students per year. An equal amount of students fail each year. Overcrowding is pervasive, resulting in quinmesters, double shifts, and limitations of academic offerings. Thirty-five percent of the student body does not receive the optimal six hours of daily classroom instruction. In sum, it is a system which is equitable in that it discounts imbalances in the tax base, yet is burdened by the stark socio-economic realities. Although approximately one-third of Puerto Rico's budget ($386 million) is devoted to education, of which $253 million goes to elementary and secondary education, it is insufficient to overcome some major obstacles, which stand in the way of achieving a standard of academic excellence for our schoolchildren.

On this background, we superimpose federal assistance, which comes mostly in the form of Title I, ESEA. This program is looked to as the vehicle through which the burdens on the system characterized by large concentrations of disadvantaged youngsters, can be overcome. But due to a series of circumstances, Puerto Rico has been penalized for being poor.

In order to place the issue in proper perspective, some legislative history is necessary. On January 12, 1965, my colleague Carl Perkins introduced H.R. 2362, the Johnson Administration's bill in the field of elementary and secondary education. The major component of the bill provided for federa support for the education of disadvantaged students (Title I). As introduced, the bill treated Puerto Rico on the same basis as the states. What transpired in the House Education and Labor Committee is unrecorded history, yet the incontrovertible fact remains, that by the time the bill was reported to the floor of the House, Puerto Rico had been fettered into a set aside category, of varying percentages, to be shared with the outlying areas.

While Title I was aimed at serving the educational needs of disadvantaged students, Puerto Rico, which was heavily impacted with disadvantaged children, would receive funds which bore no proportion commensurate with its needs. While Puerto Rico started out at an economic disadvantage, and was desperately trying to catch up with the mainland, federal support in this key area was limited.

Through the years, my predecessors have been successful, in varying degrees, in abolishing the colonial vestige of the so-called set aside. Thus in 1972, the Economic Opportunity Act was amended, as was the Higher Education Act. ESEA would prove more elusive.

On April 4, 1973, a former Secretary of Education of Puerto Rico testified before the General Subcommittee on

Education (House), on H.R. 69, presenting the case for removing Puerto Rico from the set aside formula throughout ESEA.

In May of that year, Congressman Lloyd Meeds introduced an amendment in the aforementioned subcommittee, to include Puerto Rico as a state in all sections of ESEA coming under the scope of H.R. 69. Under Title I, ESEA, Puerto Rico would work up to its full entitlement by increments, during the three successive fiscal year.

The House Education and Labor Committee (Report No. 93-805) reported out H.R. 69 on February 21, 1974, treating Puerto Rico as a state in all segments of the bill, except that for purposes of Title I, ESEA, a two year phase-in would be in effect.

The national formula called for states to use 40% of their average per pupil expenditure, unless their average per pupil expenditure was less than 80% of the national average, in which case they would be entitled to use the national average as a point of reference. This was done so states whose tax base was small and their proportions of disadvantaged large, would not be penalized. This option was not given to Puerto Rico, which was mandated to use its local average per pupil expenditure ($646.36) as opposed to having the option of using national ($1,294.21). The effect was to penalize Puerto Rico for being poor, and to sentence us to a Catch 22, whereby we would be condemned on account of our limitations.

On June 27, 1974, the House/Senate Conference (Report No. 93-1211) further limited Puerto Rico's participation by stipulating that after calculating its share via this diluted version, you would cap its entitlement by limiting allocations to 50% the first year, and 75% for subsequent years during the life of the bill.

Even though these modifications were preferable to the set aside, and permitted Puerto Rico's allocation to increase from $30 million in fiscal 1974 to $53 million in 1978, we are still far below what we would be entitled under full parit ($97 million in 1977), and taking into account our full educational needs. Additionally, while being severely limited in the allotment, full compliance with the rules and regulatio including incurring the attendant costs, was demanded.

I think twelve years is a long time to wait for equal educational opportunity. If Puerto Rico is to ever break the vicious circle, it must offer an education which will prepare its citizens to cope with a society which every day demands better trained individuals. It would clearly be in the nation interest to invest in the education of students in Puerto Rico, among other reasons, because more than half of the students in our system will ultimately become part of the mainland labo force. Unless we improve our educational system, we cannot hope to improve the employability and productivity of the American citizens of Puerto Rico.

In seeking a commitment to alleviate a critical situation in Puerto Rico, and to do justice to our students, it is not m intent to diminish federal support to other jurisdictions that also need these vital funds. I am confident that some mechani can be devised, be it through a phase in, or through increased appropriations, which will allow us to receive our rightful share, without adversely affecting other jurisdictions.

It is inconsistent to treat Puerto Rico as a state in all other titles of ESEA, and to tell higher education students that they may benefit equally under the Higher Education Act programs, yet deny them equality during their formative years in elementary school. Title I, which is the cornerstone of federal aid to education, remains a glaring exception in the method it allocates funds to Puerto Rico. No one can deny the need, which should no longer be ignored.

One argument used by some to justify this unequal treatment is that Puerto Rico pays no federal income tax. Residents of Puerto Rico do not pay federal income taxes because of a long standing federal policy exempting the off-shore areas from federal tax liabilities in order to aid these jurisdictions in their economic development. This policy is also beneficial to numerous mainland corporations which operate in Puerto Rico, thus providing jobs locally and furnishing tax advantages for the corporations.

On the mainland, the policy is not to each according to his contribution, but according to his need. The children don't pay taxes, neither do the poor. They are the beneficiaries. Are we to accept that the educational rights of U.S. citizens in Puerto Rico are only half of those rights enjoyed by their mainland counterparts? I wonder what would happen if we had applied the same type of formula to the military service in times of war. Would only 50% of those drafted from Puerto Rico have to serve? We never proposed or demanded that for the purposes of defending the nation Puerto Ricans should be treated differently from anyone else.

The prospect of limited appropriations for Title I, ESEA, has also been cited as a reason for the inadvisability of redressing Puerto Rico's entitlement. Appropriations for Title I, ESEA have increased from $1.8 billion in fiscal 1974 to $2,735,000,000. I think that every effort should be made to secure the necessary appropriation, which will enable us to fully participate under Title I. I realize that it may take some time to fully reach this stage, but we have to begin. I intend to work closely with the Appropriations Committee to apprise them fully of the critical educational reality in Puerto Rico, and would welcome your cooperation in these efforts.

Mr. Chairman and Members of the Subcommittee, in your hands lies the key to unlock the door of opportunity for the children of Puerto Rico. The benefits will inure not only to these children, but to the nation as a whole. Thank you very much.

CHARACTERISTICS OF THE PUBLIC EDUCATION SYSTEM OF PUERTO RICO

1. Structure: All public schools in Puerto Rico, comprising six educational regions and 83 school districts, fall under the centralized authority of the Department of Public Instruction. Basically the state and local educational agencies are one and the same. The system is financed from treasury revenues, unlike the property tax based system which characterizes the mainland educational system. Approximately one third of the local budget is allocated to education. All federal support is administered through the Department.

2. Children: Of the 926,780 (1975) children aged 5-18 in Puerto Rico, 710,000 attend public schools in grades K-12.

3. Poverty: Approximately 70% of families in Puerto Rico have incomes below the poverty level. Of the 710,000 children in public schools, 615,928, or 87% come from poor families.

4. Schools: There are 2,024 public schools, 100% of which are eligible for Title I services.

5. Physical Structures: Sixty (60%) percent of school buildings are in need of major repairs.

6. Teachers: Of the 30,000 teachers, 25% are uncertified. Average salary is $7,000. per year.

7. Financing: Less than 10% of the population has an income high enough to pay income taxes, which is the principal source of revenue for the general budget, from which the educational funds are derived.

8. Average per pupil expenditure: $646.36, practically one half of the national average ($1,294.21).

9. Supportive services: Such as medical attention and counseling are virtually non-existent. This is particularly serious when one considers that mental health is the single most chronic medical problem in Puerto Rico.

10. Textbooks: There is a severe shortage of textbooks, the average expenditure per child for textbooks is only 56 cents.

11. Drop-out rate: The average drop-out rate from 1971 to 1976 was 5.1%, or over 35,000 students per year.

12. Rate of failures: During the academic year 1975-76, 37,000 students failed to be promoted.

13. Median Years of Schooling: In Puerto Rico the median years of schooling completed is 6.9, while on the mainland the average is approaching 13.

14. Double Shifts: The system is plagued by severe crowding. There are double shifts which allow 15% of the student population in grades 1 through 3 to receive no more than four hours of schooling a day.

15. Pre-school education: Less than 30% of first graders have received pre-school education.

Under Title I, ESEA, although all of our 2,024 public schools qualify for Title I services, many are not being presently served. This is due to legislative limitations placed on our title I allocation. How long must we wait for an equal educational opportunity for our school children.

I have just rceived the latest CRS computations on title I, ESEA, if Puerto Rico were treated on the same basis as the States, instead of being forced to use our local average per pupil expenditure coupled with a 75 percent ceiling. Even though we have a target population of 613,940 children, we receive $52,996,000, which is half of our entitlement of $110,241,000.

Since granting parity to Puerto Rico would entail a three percent ratable reduction of allocations for other jurisdictions, I am proposing a phase in mechanism for the life of the ESEA bill, and a commitment to take the matter up before the Appropriations Committee, so the requisite funding is secured. I certainly do not want to reduce funding for other needy children, although I am firm in my conviction that twelve years of discrimination is enough.

My second area of concern is with Title VII of ESEA. During my recent testimony before the Senate Subcommittee on Education, Arts and the Humanities, the issue was raised as to the quality of English taught in our public schools, as well as the proficiency level of our high school graduates in English. Senator Pell suggested that any improvement in title I funding be linked exclusively to improvements in the teaching of English. Although I support using part of any increment in title I funds to substantially upgrade the teaching of English, our problems have a much broader base. We are speaking of a system with grave problems in all disciplines, including reading skills, science and mathematics. Indeed, even the Spanish would shock Cervantes.

What I am proposing is to amend Title VII of ESEA to authorize the Office of Bilingual Education to fund programs in Puerto Rico aimed at improving skills and proficiency in the English language, such as teacher training, curriculum development, evaluation and testing, et cetera. In addition, the Office of Bilingual Education should determine the number of children who are in need of such services, as well as study ways of meeting such a need. Additional funding for title VII would have to be sought for these purposes.

Inasmuch as half of our student population will at one time or another become part of the mainland labor force, it is imperative that these individuals be equipped with the necessary language skills which enable them to secure productive jobs, and integrate fully into American society.

What we need is seed money. It seems incongruous that the Federal Government spends millions in remedial programs on the mainland while neglecting the root of the problem. The whole nation stands to benefit from the preventive medicine I am proposing.

I sincerely hope that we can achieve these two goals which ultimately will have not only an educational impact, but also an economic and social as well. If there is one impression I want to leave you with, it is this: This problem will not go away; it is there, ever pressing and unresolved. Congress must live up to its responsibilities, and the sooner we undertake to resolve it, the better off not only Puerto Rico, but the nation as a whole, will be. There are many of us in Puerto Rico who someday hope to join the ranks of the States, but we have to insure that we come in not as educationally handicapped poor cousins but as full brothers.

I would now like to welcome Secretary Chardon, who will expound from an educator and administrator's point of view.

STATEMENT OF CARLOS E. CHARDON, SECRETARY OF EDUCATION, COMMONWEALTH OF PUERTO RICO

Mr. CHARDON. Mr. Chairman, Honorable Members of the Subcommittee on Elementary, Secondary and Vocational Education, Ladies and Gentlemen:

I am requesting that the entire testimony be included in the record, since I will be reading only excerpts from it for the sake of brevity.

Mr. CORRADA. Without objection, it is so ordered.

[The presentation by Hon. Chardon follows:]

Presentation Given by Honorable Carlos E. Chardon Before the House Subcommittee on Elementary, Secondary and Vocational Education

Mr. Chairman, Honorable Members of the Subcommittee on Elementary, Secondary and Vocational Education, Ladies and Gentlemen:

My name is Carlos E. Chardón and I am the Secretary of Education for the Commonwealth of Puerto Rico.

Along with the Resident Commissioner, I am pleased with this opportunity to express our concerns with regard to Title I programs in Puerto Rico and to suggest ways in which both the granting and the use of Title I funds could be modified to better serve a very needy body of students and teachers.

In this presentation I would like to emphasize our concerns over the quality of Title I programs in Puerto Rico and to trace a brief history of these programs, indicating how certain aspects of the law and of its rules and regulations have adversely affected the achievement of the educational goals that Title I was enacted to facilitate. Program quality, Mr. Chairman, has been and must be our primary as well as our ultimate concern. If there is one point we as educators everywhere must concede to our critics, it is that the quality of education nationwide, and more particularly in inner-city schools and deprived areas, has not known any improvement commensurate with the amounts of money spent. We are all accused of throwing money at education in ever-increasing amounts without measurable improvement. Perhaps this is so. But what is not clearly understood by outsiders is that the very laws that nationally promote program quality improvement often militate against it through the plethora of rigid and sometimes unreasonable or unapplicable rules and regulations that accompany them.

Title I is administratively so burdensome that we, the educators spend a disproportionate amount of time administering it thus limiting the time we should or could spend attending to the day-to-day needs of every child and teacher in the classroom.

Before describing the quality of Title I programs in Puerto Rico and its historical relation to Title I legislation, it is fitting to give a clear idea of what public education is and has been in Puerto Rico, for it differs a great deal from that of other states and requires that Title I be implemented in ways not contemplated by current legislation, if it is to achieve the desired results. I therefore ask that you kindly bear with me if I repeat some of the concepts and facts set forth by my colleague Commissioner Corrada earlier.

The Department of Education

The Department of Education is a highly centralized system unlike that of any state of the Union. All public education in Puerto Rico is centrally funded with a substantial amount (over 25%) of the Commonwealth's general fund. Unlike the mainland system, education is not funded through local property and other tax levies or local bond issues. There are, in fact, no local educational agencies in Puerto Rico. The Department of Education serves both as state and local educational agency. Interms of Federal funds, then, no grants are made directly to regions or districts. All Federal programs are applied for, coordinated and administered by the Central Office. As can be expected there is no capability at the local level to develop, plan or administer an educational program as you would expect at the school and district level in the rest of the nation.

The system operates at three levels: the Central Office, six Regional Offices, and 82 Local Offices. At the risk of belaboring the point, these local offices and directors share only the nomenclature with local equivalents in the nation, school districts and superintendents. There are no school boards at any level. The central level is responsible for practically all aspects of the Commonwealth's educational efforts at the elementary and secondary school levels, includin the finances, personnel, curriculum, textbooks, teacher certification, purchase and distribution of materials, and supportive services for all of the 82 local offices in the six educational regions.

Given the high incidence poverty on the Island, where close to 75% of all families are on food stamps and the unemployment rate is currently at 22% (and in some rural areas closer to 40%), a system of local taxes for education is impossible. The possibility of increasing state personal income and other similar taxes on the small group which can and already does pay them is unrealistic. Approximately 33% of the budget of the Commonwealth is for education (some seven percent is for higher education), and over 20% is for health. More than two thirds of the budget of the Commonwealth is for health, education and social services.

In terms of Title I, another problem arises. Although the total amount of dollars allocated to education from the general budget increases from year to year, the higher rate of increase in enrollment results in lower per pupil expenditures. In other words, we spend more in absolute terms and less, proportionately, per student. Thus, the maintenance of effort requirements, which is based solely on per pupil expenditure, threatens us with a reduction of the financial assistance that is so desperately needed. Compounding the problem is that current dollars purchase approximately 50% less than what they did ten years ago, and year-to-year funding increments in the past have not made up the difference. The problem of a fully state funded educational system, where the allocations are made from general revenues rather than property taxes, is obvious: at the time of economic recession and inflation, these revenues do not grow but are reduced significantly.

Manifestations of our underfinanced and overburdened Department are clearly seen in the condition of its physical facilities, in the preparation of its teaching staff, in its paucity of textbooks, and in its practically non-existent student services. A brief look at these problems reveals some appalling conditions.

Physical Plant Facilities

The physical plant facilities are both insufficient and woefully inadequate. (See Attachment I for a detailed description.) As school enrollments increased threefold in the past thirty years, the expansion and construction of physical facilities lagged behind. At no time have the funds been available to provide the basic minimum needs. In fact, school buildings have for many years been unable to accommodate the number of students enrolled. Moreover, 20% of the high-school age population is not currently enrolled. We have had to resort to double-enrollments, interlocking, and year-round schooling in order to make room for and provide some classroom-contact hours to each student.

There are presently 1,860 school nuclei. A nucleus consists of either one large building (usually in urban areas) or a grouping of small school buildings (mostly found in rural communities). These 1,860 school nuclei comprise 21,448 classrooms serving an enrollment of 722,121 day students. Thi is the reason for the diverse, and I may add, adverse school scheduling. This overcrowding accounts for the fact that approximately 20% of our student population receives less than 6 hours of schooling daily.

One hundred percent of the 1,860 nuclei need repairs and a full 60% require major improvements. Overcrowding is such that serious building deterioration and decay have resulted; in most cases these include substandard sanitary conditions. Funds for construction and repairs have been so limited that resulting physical deterioration has invited disrespect for school property and an increasing incidence of vandalism.

School buildings are inadequate in many other respects, including poor building materials (many are old wooden structures), poor locations, and haphazard physical layouts unsuited to functional use. Out of a total of 21,448 regular classrooms, more than one-third, or some 6,500 classrooms, are made of materials that do not provide adequate protection. In kindergarten more than 50% of all classrooms are not constructed to withstand the hazards of termites, hurricanes, floods or vandalism. They are, for the most part, temporary structures. (See Attachment 2 for a chart on classrooms by type of material.) There are 513 schools consisting of three or fewer classrooms, 99% of which are at the elementary level. Most of these (95%) are in rural areas. (See Attachment 3.)

To worsen this situation, the population mobility patterns are such that some schools in rural areas must be closed due to a lack of students while other schools must be expanded or built to accommodate the influx of new students -- a situation that the Department of Education cannot afford to address financially.

Teaching Personnel

The paucity of adequately trained and proficient teachers is another sobering reality. On a salary scale ranging from $465 to $615 per month, the teaching profession is not always the first career chosen by our college graduates. At the present time, over 28% of our 27,209 teachers do not have a Bachelor's degree and barely 4% hold degrees beyond that. Statistics on teacher certification are all the more sobering. In 1974-75 out of a total of 25,796 teachers, 7,255 did not hold a Bachelor's degree. (See Attachment 4.) The most critical area is in the teaching of English. A study made in 1974 showed that at the elementary school level, less than 3% of the teachers in grades 1-3 were certified to teach Englis this increases to 38% in grades 4-6, which is an improvement but nonetheless a very low proportion. These uncertified teachers do not have a command of the English language and, therefore, adequate English instruction truly cannot take place Obviously, this results in low or no achievement in English which constitutes a problem not only in Puerto Rico but for families that migrate to the United States. (See Attachment 5 for table.)

I believe that the learning of English in Puerto Rico is a duty of the citizen in an English speaking nation. But there is also a right of every American citizen to access to facilities to learn the national language, if he is going to develop fully his responsibilities and rights as a citizen, also.

School Schedules

The combination of insufficient classrooms and insufficient teachers has led to the desperate attempt to serve more than 710,000 students through the interlocking or alternate class schedules, double enrollment, and 5-semester system. In the first one, two groups of students, each with its own teacher, share the same classroom at different times in 5-hour daily shifts. In double enrollment, one teacher teaches two different groups, each of which receives 3 classroom contact hours. A full 23.7% of the student body, that is, barely a quarter of the full enrollment, receives less than 6 hours of instruction per day. (See Attachment 6.)

Double enrollment exists only in the elementary school and is concentrated in the rural areas. As of August 1975, there were 29,731 students in this type of organization. Eighty-nine percent, (26,420) of those students in double-enrollment were in the first to third grades and the other 11% (3,311) were in the fourth to sixth grades. Eighty-five percent of those students from the first to sixth grade were concentrated in rural areas. (See Attachments 7 and 8 for a detailed table.) In spite of the efforts made over the years by the Commonwealth, we still face the same budgetary limitations and we are unable to provide the full six hours of school for every student.

Student Body

With regard to the student body, the most salient charact istic of students in the public schools of Puerto Rico is thei low socio-economic background: more bluntly, their poverty. Few can afford private schooling. Approximately 87% of all families have incomes at or below the poverty level. The struggle just to live often keeps parents from providing their children with a home environment conducive to productive work in school.

Poverty is often synonymous with illiteracy, and in Puert Rico we face an illiteracy problem of great magnitude. The 1970 Census projects an illiteracy rate of over 10%. Out of 2,053,859 persons over ten years old, 221,486 were unable to read and write and another 97,550 were functionally illiterate. (See Attachment 9 for a map of the distribution rate.)

These facts, along with the inadequate academic preparati of teachers, make it painfully clear that a wholesale revampin of our teacher-training programs is of the utmost priority, and that early childhood education must become part of our educational system.

Auxiliary Services

The paucity of physical plant facilities, well-trained teachers and supervisor- personnel, is further aggravated by needed non-academic services which our limited budget cannot afford. Medical and counseling services are the most essential. In a 1976 Report to the Governor, a blue ribbon Health Commission stated that emotional and behavioral problems constitute the number one public health problem in Puerto Rico, accounting for over 20% of all chronic health conditions, and ahead of circulatory and respiratory diseases. The school should play an important role in identifying, treating and preventing the development of unhealthy mental conditions by providing a safe, suitable physical and emotional environment. And yet our schools provide no nurses, no doctors, and only one counselor per 2,100 children. However, the deplorable conditions in our school buildings, the rising vandalism, and the fact that there are virtually no medical or counselling services offered in our schools, make this number one health and social problem all the more difficult to tackle.

In addition, school transportation, physical education, art, music and other enrichment programs, all of which are essential to a sound educational program, are but marginal in Puerto Rico. We do not even have substitute teachers or teacher aides. If a teacher is absent, the class is dismissed for the day. In 1976-77 there were only 275 physical education teachers, 232 music teachers and 198 art teachers to serve the entire school population. (See Attachment 10.)

Achievement

Given these conditions, Mr. Chairman, the quality of our academic program, needless to say, is substandard by stateside yardsticks. The most revealing evidence of this fact is reflected in the results of the students' achievement when the programs are evaluated.

Sixty percent (60%) of the children enrolled in the first grade in the 1964-65 school year reached the ninth grade, and only 36% received a high school diploma, whereas in the United States approximately 75% received a high school diploma. This drop-out rate leaves us with an undereducated population, ill prepared to function effectively and contribute to society in Puerto Rico and on the Mainland where many of them migrate in search of better economic opportunities. The median number of years completed in school in Puerto Rico according to the U.S. 1970 Census was 6.9. This compares unfavorably with the national median of 12.1. The lowest median among the states was 9.5. (See Attachment 11 for a detailed table of the drop-out rate.)

The rate of scholastic failures is equally high. It is highest in the elementary schools. It reaches 13% in the first grade, 9% in the second grade, 8% in the third, and 4% in the fourth grade. That is, the highest rates of failure occur precisely and distressingly where enrollments are highest. Around 25% of all elementary school children have some specific learning disability.

Mr. Chairman, ladies and gentlemen, the conditions under which Puerto Rican children, who are American citizens, labor to achieve an adequate education to become productive members of society must be improved with more and better use of Federal assistance; of which ESEA Title I is the major vehicle.

But these very conditions clearly do not constitute a solid basis upon which to super-impose improvements designed as separate compensatory measures, such as Title I demands. As has been said, here and elsewhere, time and again, improvements in public education in Puerto Rico must perforce be directed first at bringing the basic educational achievement up to minimum standards.

The compensatory program which we know as Title I was designed for a country far richer than Puerto Rico, for a national average income far higher than that of the Puerto Rican, for an average expenditure far higher than that in Puerto Rico. Thus it is not impossible to say that Puerto Rico must be brought to approximate these standards if Title I funds are to be really well invested in education.

At this point, the Commonwealth of PuertoRico would like to support the positions presented by the Education Commission of the States and by the Chief State School Officers which state that the main thrust of the Elementary and Secondary Education Program should be the services provided to children, and that more flexibility should be provided to the states in the administration of the funds, respectively. We are not seeking special concessions as American citizens. I have presented to you a picture so dismal that a request for special concessions would seem almost mandatory. No, I am seeking equal treatment for the children of the Nation in Puerto Rico; the same treatment that they would receive elsewhere.

We can and we will work within the constraints placed on the rest of the Nation for Title I. Nevertheless, we would like to be able to have the federal funds which these poor children need to overcome the many problems of the educational system. Funds which would not be denied to them should they reside, and indeed are not denied, elsewhere in the Nation. Equality of educational opportunity insofar as compensatory education and on a national scale does not reach as far as the Stars and Stripes.

Title I "supplementary" and "supplanting" regulations have led to program designs based on the "pull-out" model. It seems, from the outside, reasonable to pull out the learner for supplementary and special instruction in language arts, reading, and mathematics. But what happens, more often than not, is a fragmentation of the learner's educational experiences, and alienation from the total school experiences. Title I children are often pulled out during non-academic, enrichment activity periods -- precisely those periods that are most conducive to socialization. Once back in their regular classrooms, they are left to sink or swim without special help from

Title I in the social studies, sciences, and other curriculum areas not addressed by Title I, when in fact, these children do not have the basic skills to perform well in these areas. Title I legislation does not provide for the establishment of a special program for Title I children. This special program could have a special curriculum to address the learner's academic and social needs and it could more intimately and systematically integrate the learner to the whole school experience. What Title I children often receive is fragmented and poorly articulated educational experiences at different levels, rather than a full developmental instructional program as is available to more fortunate children. This is particularly futile with children who only have 3 hours of instruction per day. This situation, surely, was not the intent of the law.

This presentation is but one illustration of how the rules and regulations, as presently interpreted, lead to program designs suited to the spirit of the laws but not necessarily to the educational needs of the target children, resulting in less than optimum program quality and less than hoped for Title I effectiveness.

I will now give you a brief historial description of Title I programs in Puerto Rico and some observations on the quality of those programs.

The first Title I grants to Puerto Rico were utilized principally to provide:

1) transportation to students, so that the thousands of students who could not otherwise get to school would have an opportunity to do so;
2) lengthening of the school day, so that those that did get to school would have an equal opportunity to receiv the 6-hour class day;
3) enrichment experiences, thereby providing at school the development of personal, social, and academic readiness unavailable in the home environment. This included the use of Title I funds to provide teachers for art, music, and physical education, given that the Commonwealth could not afford those teaching positions;
4) recruitment and training of English-dominant Puerto Ricans, who graduated from high schools in the United States, to improve the teaching of English at the lower-elementary levels; and
5) medical services to provide bare-minimum preventive and treatment services.

Title I funds were at the time granted under "set aside" provisions and since they were in no way sufficient to serve all needy children, Title I programs were instituted in the 36 school districts with the highest poverty concentration. But since poverty was as pervasive as it is today, some

Title I services were offered in other schools within non-Title I districts that were serving poverty pockets. Additionally, work and study centers serving large areas were established to offer academic and vocational programs to out-of-school youth.

The intent of all these programs was to serve, given the limited funds, the greatest number and the neediest of students and to provide them with a bare minimum of schooling; to take the first steps to create the conditions upon which to provide compensatory education. Soon afterwards, in light of the rigid interpretations of the rules and regulations, Federal auditors requested that these programs be revised and/or eliminated under the perception that such activities were not allowable under Title I. Consequently, the problems that Title I was helping to solve, continued to prevail. Clearly, Mr. Chairman, the quality of Title I programs had to suffer because the general upgrading of education that these activities once provided to create those conditions we have been referring to, could not be financed by the Commonwealth. For example, not being able to lengthen the school day with Title I monies made and still makes today, Title I programs themselves less effective than they could be if children could attend school 6 hours per day. It might be well to point out that approximately one-third of the children eligible for Title I programs do receive some type of service.

On the other hand, the return of children who receive Title I services to a program which is so severely depressed in terms of those same services cannot allow the child to maintain whatever advantage he derived from the program. He will be back in a Title I program within a year or so. It is a vicious circle. In our efforts towards being more selective of the children who will receive compensatory services, we concentrate on the poorest of the poor; on those with the greatest educational disadvantage. Thus once in a system where there are only degrees of disadvantage rather than degrees of excellence of services, in spite of the dedication of teachers and state employees, we can only bring a child up to a less disadvantaged level. While the norm for the national system is to go from a severely disadvantaged level to a less disadvantaged one, we, in reality, can only bring the children up to a level, which in any other school district but Puerto Rico, would be still eligible for Title I. The poor of today can only become the poor of tomorrow. The disadvantaged of today the parents of the disadvantaged of tomorrow.

And gentlemen, we Puerto Ricans are here to stay within the Nation. We have chosen to continue as part of the Nation. We will continue as part of the Nation. The problem is here to stay, and for us to resolve today. Not tomorrow. It is not too late.

The revised Title I programs, subsequent to the auditor's recommendations, resulted in the following additional changes:

1) Individual schools rather than school districts were declared target areas on the basis of poverty concentration. One hundred percent of the schools were eligible to become target areas, but Title I funding, even today, is only sufficient to serve K-6 and K-9 schools. No intermediate or high schools are being served.
2) The "pull-out" model referred to above was instituted with all its inherent flaws and limitations.

Mr. Chairman, for Title I programs to serve Puerto Rico's students more effectively: that is, to provide them with the equality of educational opportunities not otherwise available, that will allow them to become productive members of society, the Department of Education respectfully recommends the following:

1) That Puerto Rico be granted its full share of funds.
2) That Puerto Rico be allowed to utilize Title I funds in ways more consistent with its real needs such as has been suggested in the testimony of other educational agencies, with due account to the Federal Government. Whether this be through a state plan or through interpretations of the regulations in the spirit of the law. We should like to point out some needs which could be addressed by compensatory

education. It is by no means exhaustive and it implies an increase in funding, a less restrictive interpretation or conceivably both. But in each case within the spirit of asking no more for these our children but no less than for other children. This plan would initially include the use of Title I funds to provide:

a) the improvement of physical facilities without which successful programs cannot be housed;

b) for the recruitment and training of teachers leading to certification, especially in the case of English teachers without which the successful programs cannot be carried out;

c) for the lengthening of the school day to six hours without which Title I programs are limited in educational scope;

d) textbooks and educational materials for every child, without which the learner's academic achievement cannot be assured;

e) transportation for children to and from school without which many of them would not be able to attend school;

f) medical services without which we cannot ensure healthy minds and bodies needed to succeed in these programs; and

g) physical education, enrichment activities and a host of other basic services which will raise Puerto Rico's educational standards--basic standards upon which to superimpose a compensatory program.

Only in this way can we begin to ensure that the dollar investment in Title I programs will meet the special educational needs of educationally deprived children in Puerto Rico.

I thank you, Mr. Chairman, ladies and gentlemen, for your courteous attention, trusting that you will understand our needs, and our desire to improve the quality of Title I programs by means of the suggested modifications in the law.

Attachment 1

Physical Plant Facilities 1977

1,860	School Nuclei
6	Regional Offices
82	Superintendent's Offices
87	Public Libraries
14	Storehouses
21,448	Classrooms
396	Laboratories
446	School Libraries
1,877	Cafeterias
1,497	Offices
5,347	Lavatories
571	Storerooms
313	Vocational School Rooms

Attachment 2

RESUMEN POR REGION DE SALONES POR TIPO DE CONSTRUCCION A JUNIO 30, 1974

NUMBER OF CLASSROOMS BY REGION AND BY TYPE OF CONSTRUCTION - June 30, 1974

Regiones	Gran Total	Académicos				Kinder				Laboratorios				Business Comercio				Artes Industriales				Home Econ. Eco. Dom.				Agricultura				Trades Oficios			
		1/ H	2/ M	3/ Pref	Tot.	H	M	Pref.	Tot.	H	M	Pref.	Tot.	H	M	Pref.	Tot.	H	M	Pref.	Tot.	H	M	Pref.	Tot.	H	M	Pref.	Tot.	H	M	Pref	Tot
Arecibo	3313	1805	860	171	2836	18	15	14	47	74	4	14	92	42	3	14	59	75	20	1	96	77	19	9	105	6	12	1	19	33	-	26	59
Caguas	2864	1723	505	267	2495	18	12	14	44	71	3	4	78	26	2	-	28	60	6	12	78	80	1	5	86	4	4	-	8	35	10	2	47
Humacao	2560	1572	465	139	2176	25	17	15	57	78	1	7	86	40	1	1	42	59	13	7	79	66	4	7	77	5	4	-	9	14	4	16	34
Mayaguez	2925	1408	919	220	2547	4	16	20	40	46	2	8	56	35	7	-	42	52	20	2	74	57	23	6	86	3	12	-	15	12	45	8	65
Ponce	3541	1756	950	316	3022	9	14	27	50	88	4	18	110	38	13	3	54	77	14	17	108	83	21	14	118	5	8	-	13	14	36	13	68
San Juan	5958	3305	884	825	5014	74	18	38	130	157	24	26	207	60	30	-	90	143	18	33	194	156	21	29	206	6	1	1	8	56	82	11	148
Totales	21,201	11,569	4,583	1,938	18,090	148	92	128	368	514	38	77	629	241	56	18	315	466	91	72	629	519	89	70	678	29	41	2	72	164	180	76	420

1/ H - means cement
2/ M - means wood
3/ Pref means prefabricated durotex parts

Attachment 3

NUMBER OF SCHOOLS CONSISTING OF THREE OR FEWER ROOMS BY REGIONS AND ZONES

REGION	NUMBER OF DISTRICTS IN THE REGION	URBAN ZONE	RURAL ZONE	TOTAL
Arecibo	14	2	75	77
Caguas	11	2	76	78
Humacao	15	6	72	78
Mayaguez	15	2	116	118
Ponce	15	7	121	128
San Juan	13	4	30	34
Total	83	23	490	513

Total Number of Schools	513
Percentage in Rural Areas	95.5%
Number of Junior High Schools	6
Number of Senior High Schools	1
Percentage Elementary Level	98.6%

Attachment 4

ACADEMIÇ PREPARATION OF CLASSROOM TEACHERS IN THE PUBLIC SCHOOLS
1973-74 and 1974-75

Academic Preparation	1973-74	1974-75
Less than Normal	1,473	1,156
Normal	6,581	6,099
Bachelor	16,393	17,499
Master	743	951
Doctorate	-	-
Professional Diploma	174	91
TOTAL	25,364	25,796

Attachment 5

PREPARATION OF TEACHERS TEACHING ENGLISH BY SCHOOL LEVEL
SCHOOL YEAR 1974-75

School level	Total number of teachers teaching English	Teachers with certificate as English Teachers		Teachers without certificate as English teachers
		Number	%of Total	
1st to 3rd grade	3,108	69	2.2	3,039
4th to 6th grade	2,647	1,000	37.8	1,647
7th to 9th grade	1,714	1,260	73.5	454
10th to 12th grade	1,199	1,078	89.9	121
TOTAL	8,668	3,407	39.3	5,261

Attachment 6

PERCENTAGE OF STUDENTS IN PUBLIC SCHOOLS ON STANDARD, INTERLOCKING, AND DOUBLE ENROLLMENT SCHEDULE
GRADE 1-12
1976-77

Organization	1963-64	1973-74	1974-75	1975-76	1976-77 1/
Standard	45.8	65.0	69.0	73.0	76.3
Interlocking	26.9	29.0	27.0	23.0	20.7
Double (4 hrs/day)		1.0	-	-	-
Double (3 hrs/day)	27.3	5.0	4.0	4.0	3.0
TOTAL	100.0	100.0	100.0	100.0	100.0

1/ Estimate

PERCENTAGE OF ELEMENTARY STUDENTS IN PUBLIC SCHOOLS ON STANDARD, INTERLOCKING AND DOUBLE ENROLLMENT SCHEDULES

Organization	1963-64	1973-74	1974-75	1975-76	1976-77 1/
Standard	37.4	69.0	72.0	74.0	77.2
Interlocking	21.1	21.0	20.0	18.0	16.0
Double (4 hrs/day)	-	2.0	1.0	1.0	0.8
Double (3 hrs/day)	41.5	8.0	7.0	7.0	6.0
TOTAL	100.0	100.0	100.0	100.0	100.0

1/ Estimate

Attachment 7

PUBLIC SCHOOL DAY ENROLLMENT BY GRADE, ZONE AND TYPE OF ORGANIZATION
August 1975

1	2	3		4		5		6	7		8		9		10	11		12		13	
	TOTAL							URBANA							RURAL						
		Sencilla *		Alterna **		Doble ***			Sencilla		Alterna		Doble			Sencilla		Alterna		Doble	
Grado	Total	Número	%	Número	%	Número	%	Total	Número	%	Número	%	Número	%	Total	Número	%	Número	%	Número	%
1	65,823	48,548	74	3,874	6	13,401	20	29,392	23,397	80	3,002	10	2,993	10	36,431	25,151	69	872	2	10,408	29
2	63,788	48,888	77	5,404	8	9,496	15	29,089	23,800	82	3,916	13	1,373	5	34,699	25,088	72	1,488	4	8,123	24
3	66,496	52,180	78	10,793	16	3,523	5	30,471	23,636	77	6,610	22	225	1	36,025	28,544	79	4,183	12	3,298	9
Subtotal 1-3	196,107	149,616	76	20,071	10	26,420	14	88,952	70,833	80	13,528	15	4,591	5	107,155	78,783	74	6,543	6	21,829	20
4	66,680	50,707	76	14,178	21	1,795	3	31,473	23,428	74	8,027	26	18	--	35,207	27,279	77	6,151	18	1,777	5
5	66,262	46,740	71	18,666	28	856	1	31,424	20,847	66	11,577	34	-----	--	33,838	25,893	77	7,089	21	856	2
6	62,622	43,069	69	18,893	30	660	1	31,990	19,884	62	12,106	38	------	--	30,632	23,185	76	6,787	22	660	2
Subtotal 4-6	195,563	140,516	72	51,736	26	3,311	2	94,887	64,159	68	30,710	32	18	--	99,677	76,357	77	20,027	20	3,293	3
Total 1-6	391,670	290,132	74	71,807	18	29,731	8	183,839	134,992	73	44,238	24	4,609	3	206,832	155,140	75	26,570	13	25,122	12

Fuente: Centro de Información
Preparado por: Centro de Programación

* Sencilla means STANDARD
** Alterna means INTERLOCKING
*** Doble means DOUBLE

Attachment U

NUMBER AND PERCENT OF DAY STUDENTS BY ZONE IN DOUBLE ENROLLMENT CLASSES IN GRADES 1-3
AUGUST 1975

1	2	3	4	5	6	7	8	9	10
	TOTAL			URBAN			RURAL		
Grade	Total	Double Enrollment	Percent	Total	Double Enrollment	Percent	Total	Double Enrollment	Percent
1	65,823	13,401	20	29,392	2,993	10	36,431	10,408	29
2	63,788	9,496	15	29,089	1,373	5	34,699	8,123	24
3	66,496	3,523	5	30,471	225	1	36,025	3,298	9
Total	196,107	26,420	14	88,952	4,591	5	107,155	21,829	20

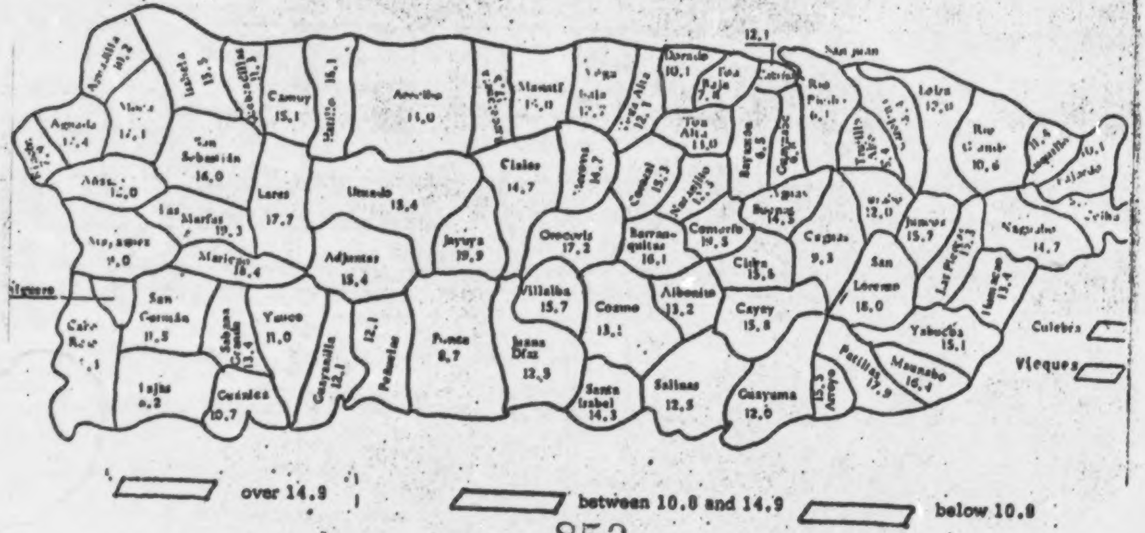
Fuente: Tabla Número 1 del Apéndice Estadístico
Preparado por: Centro de Programación [illegible]

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF EDUCATION
EDUCATIONAL EXTENSION PROGRAM
P. O. BOX 1028
HATO REY, PUERTO RICO 00919

Attachment 9

STUDY OF PERCENTAGE OF ILLITERACY BY MUNICIPALITIES

MAP OF PUERTO RICO


Aguadilla 10.2
Isabela 15.5
Quebradillas 11.3
Camuy 15.1
Hatillo 16.1
Arecibo 11.0
Manatí 15.0
Vega Baja 17.7
Vega Alta 12.1
Dorado 10.1
Toa Baja 7.8
12.1
San Juan
Cataño
Río Piedras 6.1
Loíza 12.0
Río Grande 10.6
Luquillo 11.6
Fajardo 10.1
Ceiba
Aguada 17.4
Moca 17.1
San Sebastián 16.0
Lares 17.7
Utuado 13.4
Ciales 14.7
Morovis 14.7
Corozal 15.3
Naranjito 13.3
Toa Alta 11.0
Bayamón 6.5
Guaynabo
Trujillo Alto
Aguas Buenas 14.3
Gurabo 12.0
Juncos 15.7
Las Piedras 15.7
Naguabo 14.7
Añasco 12.0
Las Marías 19.3
Mayagüez 9.0
Maricao 18.4
Adjuntas 15.4
Jayuya 19.9
Orocovis 17.2
Barranquitas 16.1
Comerío 19.5
Cidra 15.6
Caguas 9.3
San Lorenzo 15.0
Humacao 13.4
Hormigueros
San Germán 11.5
Sabana Grande 13.4
Yauco 11.0
Guayanilla 12.1
Peñuelas 12.1
Ponce 8.7
Villalba 15.7
Coamo 13.1
Aibonito 13.2
Cayey 15.8
Yabucoa 15.1
Cabo Rojo
Lajas
Guánica 10.7
Juana Díaz 12.5
Santa Isabel 14.3
Salinas 12.5
Guayama 12.0
Arroyo 15.3
Patillas 17.9
Maunabo 16.4
Culebra
Vieques
over 14.9
between 10.0 and 14.9
below 10.0

Attachment 10

NUMBER OF CLASSROOM TEACHERS IN THE PUBLIC SCHOOLS BY ZONES AND LEVELS
PRELIMINARY REPORT - FIRST SCHOOL MONTH
1976-1977

LEVELS	Urban	Rural	TOTAL
Preschool	272	205	477
Elementary	5832	7416	13284
Junior High	4005	1811	5816
High School	4086	36	4122
Special Groups (Elem)	275	96	371
Special Groups (Int.)	54	24	78
Physical Education	233	42	275
Music	222	10	232
Art	184	14	198
Auxiliary Bilingual	239	617	856
Others *	674	862	1536
Grand Total	16076	11133	27209

* Resources teachers and others without any special classification are included here.

This chart also includes teachers paid with Federal Funds.

Attachment II

NUMBER AND PERCENTAGE OF STUDENTS ENROLLED IN SUCCESSIVE GRADES FROM FIRST GRADE IN 1964 - 65

NUMERO Y POR CIENTO DE ALUMNOS RETENIDOS EN GRADOS SUCESIVOS DE LOS MATRICULADOS EN PRIMER GRADO EN 1964-65

Grade Grado	School Year Año Escolar	Enrollment Matricula	Percentage Enrolled Por Ciento Retenido
1	1964-65	77,998	100
2	1965-66	72,868	93
3	1966-67	70,462	90
4	1967-68	66,384	85
5	1968-69	61,837	79
6	1969-70	57,262	73
7	1970-71	56,587	72
8	1971-72	51,263	66
9	1972-73	46,243	59
10	1973-74	43,223	55
11	1974-75	37,450	48
12	1975-76	31,359	40
High School Graduate Graduados Escuela Superior	1975-76	28,273	36

Fuente de Información: Centro de Información

De cada 100 estudiantes matriculados en primer grado en 1964-65 unos 36 se graduaron de escuela superior en 1975-76.

Of each 100 students enrolled in first grade in 1964-65 some 36 graduated from high school in 1975-76.

Mr. CHARDON. Thank you very much.

My name is Carlos E. Chardon, and I am the Secretary of Education for the Commonwealth of Puerto Rico. Along with the Resident Commissioner, I am pleased with this opportunity to express our concerns with regard to title I programs in Puerto Rico and to suggest ways in which both the granting and the use of title I funds could be modified to better serve a very needy body of students and teachers.

In this presentation I would like to emphasize our concerns over the quality of title I programs in Puerto Rico and to trace a brief history of these programs, indicating how certain aspects of the law and of its rules and regulations have adversely affected the achievement of the educational goals that title I was enacted to facilitate. Program quality, Mr. Chairman, has been and must be our primary as well as our ultimate concern. If there is one point we as educators everywhere must concede to our critics, it is that the quality of education nationwide, and more particularly in innercity schools and deprived areas, has not known any improvement commensurate with the amounts of money spent. We are all accused of throwing money at education in ever-increasing amounts without measurable improvement. Perhaps this is so. But what is not clearly understood by outsiders is that the very laws that nationally promote program quality improvement often militate against it through the plethora of rigid and sometimes unreasonable or unapplicable rules and regulations that accompany them.

Before describing the quality of title I programs in Puerto Rico and its historical relation to title I legislation, it is fitting to give a clear idea of what public education is and has been in Puerto Rico.

The Department of Education is a highly centralized system unlike that of any State of the Union. All public education in Puerto Rico is centrally funded with a substantial amount (over 25 percent) of the Commonwealth's general fund. Unlike the mainland system, education is not funded through local property and other tax levies or local bond issues. There are, in fact, no local educational agencies in Puerto Rico. As can be expected, there is no capability at the local level to develop, plan or administer an educational program as you would expect at the school and district level in the rest of the nation.

Given the high incidence poverty on the Island, where close to 75 percent of all families are on food stamps and the unemployment rate is currently at 22 percent (and in some rural areas closer to 40 percent), a system of local taxes for education is impossible. The possibility of increasing State personal income and other similar taxes on the small group which can and already does pay them is unrealistic. Approximately 33 percent of the budget of the Commonwealth is for education (some 7 percent is for higher education), and over 20 percent is for health. More than two-thirds of the budget of the Commonwealth is for health, edcuation and social services.

Manifestations of our underfinanced and overburdened department are clearly seen in the condition of its physical facilities, in the preparation of its teaching staff, in its paucity of textbooks, and in its practically nonexistent student services. A brief look at these problems reveals some appalling conditions.

The physical plant facilities are both insufficient and woefully inadequate. (See Attachment I for a detailed description.) As school enrollments increased threefold in the past 30 years, the expansion and construction of physical facilities lagged behind. At no time have the funds been available to provide the basic minimum needs. In fact, school buildings have for many years been unable to accommodate the number of students enrolled. Moreover, 20 percent of the high-school age population is not currently enrolled. We have had to resort to double-enrollments, interlocking, and year-round schooling in order to make room for and provide some classroom-contact hours to each student.

The paucity of adequately trained and proficient teachers is another sobering reality. On a salary scale ranging from $465 to $615 per month, the teaching profession is not always the first career chosen by our college graduates. At the present time, over 28 percent of our 27,209 teachers do not have a bachelor's degree and barely 4 percent hold degrees beyond that. The most critical area is in the teaching of English. A study made in 1974 showed that at the elementary school level, less than 3 percent of the teachers in grades 1-3 were ceritified to teach English; This increases to 38 percent in grades 4-6, which is an improvement, but nonetheless a very low proportion. These uncertified teachers do not have a command of the English language and, therefore, adequate English instruction truly cannot take place. Obviously, this results in low or no achievement in English, which constitutes a problem not only in Puerto Rico but for families that migrate to the U.S.

I believe that the learning of English in Puerto Rico is a duty of the citizen in an English-speaking Nation. But there is also a right of every American citizen to access to facilities to learn the national language, if he is going to develop fully his responsibilities and rights as a citizen, also.

School Schedules: The combination of insufficient classrooms and insufficient teachers has led to the desperate attempt to serve more than 710,000 students—closer to 730,000—through the interlocking or alternate class schedules, double enrollment, and 5-semester system. In the first one, two groups of students, each with its own teacher, share the same classroom at different times in 5-hour daily shifts. In Puerto Rico, it is not impossible to have 55 children in one classroom. We have forgotten what 25 children or 30 children is in one classroom.

In double enrollment, one teacher teaches two different groups, each one of which receives 3 hours of classroom contact with the teacher. A full 24 percent of the student body, that is, a quarter of the full enrollment, receives less than 6 hours of instruction per day.

With regard to the student body, the most salient characteristic of students in the public schools of Puerto Rico is their low socioeconomic background: more bluntly, their poverty. Few can afford private schooling. The struggle just to live often keeps parents from providing their children with a home environment conducive to productive work in school.

The paucity of physical plant facilities, well-trained teachers and supervisory personnel, is further aggravated by needed nonacademic services which our limited budget cannot afford. Medical and counseling services are the most essential. In a 1976 Report to the Governor, a blue-ribbon Health Commission stated that emotional and behavioral problems constitute the number-one public health problem in Puerto Rico, accounting for over 20 percent of all chronic health conditions, and ahead of circulatory and respiratory diseases. The school should play an important role in identifying, treating and preventing the development of unhealthy mental conditions by providing a safe, suitable physical and emotional environment. And yet our schools provide no nurses, no doctors, and only one counselor per 2,100 children, and this is, of course, an average.

Given these conditions, Mr. Chairman, the quality of our academic program, needless to say, is substandard.

Sixty percent of the children enrolled in the first grade in the 1964-65 school year reached the ninth grade, and only 36 percent received a high school diploma, whereas in the U.S. approximately 75 percent received a high school diploma. The median number of years completed in school in Puerto Rico, according to the U.S. 1970 Census, was 6.9. This compares unfavorably with the national median of 12.1. The lowest median among the States was 9.5.

Mr. Chairman, ladies and gentlemen, the conditions under which Puerto Rican children, who are American citizens, labor to achieve an adequate education to become productive members of society must be improved with more and better use of Federal assistance, of which ESEA Title I is the major vehicle.

The compensatory program which we know as title I was designed for a country far richer than Puerto Rico, for a national average income far higher than that of the Puerto Rican, for an average expenditure far higher than that in Puerto Rico. Thus it is not impossible to say that Puerto Rico must be brought to approximate these standards if title I funds are to be really well invested in education.

At this point, the Commonwealth of Puerto Rico would like to support the positions presented by the Education Commission of the States and by the Chief State School Officers, which state that the main thrust of the Elementary and Secondary Education Program should be the services provided to children, and that more flexibility should be provided to the States in the administration of the funds. These are the respective conditions. We are not seeking special concessions as American citizens. I have presented to you a picture so dismal that a request for special concessions would seem almost mandatory. No, I am seeking equal treatment for the children of the nation in Puerto Rico, the same treatment that they would receive elsewhere.

We can and we will work within the constraints placed on the rest of the nation for title I. Nevertheless, we would like to be able to have the Federal funds which these poor children need to overcome the many problems of the educational system—funds which would not be denied to them should they reside, and indeed are not denied, elsewhere in the nation. Equality of educational opportunity insofar as compensatory education and on a national scale does not reach as far as the Stars and Stripes.

I will now give you a brief historical description of title I programs in Puerto Rico and some observations on the quality of those programs:

The first title I grants to Puerto Rico were utilized principally to provide:

One, transportation to students, so that the thousands of students who could not otherwise get to school would have an opportunity to do so;

Two, lengthening of the school day, so that those that did get to school would have an equal opportunity to receive the 6-hour class day;

Three, enrichment experiences, thereby providing at school the development of personal, social, and academic readiness unavailable in the home environment. This included the use of title I funds to provide teachers for art, music, and physical education, given that the Commonwealth could not afford those teaching positions;

Four, recruitment and training of English-dominant Puerto Ricans, who graduated from high schools in the U.S., to improve the teaching of English at the lower-elementary levels; and

Five, medical services to provide bare-minimum preventive and treatment services.

The intent of all these programs was to serve, given the limited funds, the greatest number and the neediest of students and to provide them with a bare minimum of schooling, to take the first steps to create the conditions upon which to provide compensatory education. Soon afterwards, in light of the rigid interpretations of the rules and regulations, Federal auditors requested that these programs be revised and/or eliminated under the perception that such activities were not allowable under title I. Consequently, the problems that title I was helping to solve, continued to prevail.

The return of children who receive title I services to a program which is so severely depressed in terms of those same services cannot allow the child to maintain whatever advantage he derived from the program. He will be back in a title I program within a year or so. It is a vicious circle. Thus, once in a system where there are only degrees of disadvantage rather than degrees of excellence of services, in spite of the dedication of teachers and State employees, we can only bring a child up to a less disadvantaged level. While the norm for the national system is to go from a severely disadvantaged level to a less disadvantaged one, we, in reality, can only bring the children up to a level, which in any other school district but Puerto Rico, would be still eligible for title I. The poor of today can only become the poor of tomorrow. The disadvantaged of today are the parents of the disadvantaged of tomorrow.

And gentlemen, we Puerto Ricans are here to stay within the nation. We have chosen to continue as part of this nation. We will continue as part of this nation. The problem is here to stay, and for us to solve today. Not tomorrow. It is not too late.

Mr. Chairman, for title I programs to serve Puerto Rico's students more effectively, that is, to provide them with the equality of educational opportunities not otherwise available, that will allow them to become productive members of society, the Department of Education respectfully recommends the following:

That Puerto Rico be granted its full share of funds.

That Puerto Rico be allowed to utilize title I funds in ways more consistent with its real needs, such as has been suggested in the testimony of other national educational agencies, with due account to the Federal Government, whether this be through a State plan or through interpretations of the regulations within the spirit of the law.

Only in this way can we begin to ensure that the dollar investment in title I programs will meet the special educational needs of educationally deprived children in Puerto Rico.

I thank you, Mr. Chairman, ladies and gentlemen, for your courteous attention, trusting that you will understand our needs, and our desire to improve the quality of title I programs by means of the suggested modifications in the law.

Mr. Corrada. Thank you very much, Mr. Chardon.

Before we begin the questioning of the witness, I would like to include in the record a letter that has been sent by Carlos Romero Bárcelo, Governor of the Commonwealth of Puerto Rico, to Honorable Carl Perkins, chairman of the full Education and Labor Committee, and of this subcommittee.

In Governor Romero's letter, he whole-heartedly endorses my efforts as Resident Commissioner and the testimony of the Secretary of Education, Mr. Chardon, with respect to an improvement of Puerto Rico's participation in the ESEA, and, without objection, I would order that Governor Romero's letter be included in the record of these proceedings.

[The letter referred to follows:]

The Governor of the
Commonwealth of Puerto Rico

November 7, 1977

Hon. Carl D. Perkins
Chairman
House Education and Labor Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I would like to let you know that I wholeheartedly endorse Resident Commissioner Baltasar Corrada and Secretary of Education Carlos Chardon, in their efforts to secure several legislative modifications which would result in a substantial buttress and improvement of our hard pressed educational system.

For twelve years, school children in Puerto Rico have awaited their rightful share of the Great Society plan for education. While exacting standards of society demand a sound academic preparation, our children are denied the same means as their counterparts on the mainland. We can no longer accept the fact that these disadvantaged children are entitled to half an educational ration, or that only half should be served.

We do not relish having to unburden ourselves before Congress. It is not pleasing to acknowledge our limitations and shortcomings. But what we are seeking is justice, which will enable us to rise above despair and afford an education which will give our students the basic tools needed to effectively deal as productive members of society.

The two prong approach of parity under Title I, ESEA, and participation under Title VII to upgrade proficiency skills in English, will insure a substantial economic benefit both for Puerto Rico and the nation as a whole.

Mr. Chairman, you and your Committee have the power and responsibility to bridge the span which separates educational reality in Puerto Rico from that on the mainland. A dollar invested in the education of children in Puerto Rico, will multiply itself tenfold, particularly in view of the fact that half of our students will at some time or another become part of mainland labor force.

Through the years, several arguments have been raised, rationalizing the limitation of assistance to Puerto Rico. In the final analysis, these arguments are excuses by those who wish to perpetuate a second class citizenship, yet excoriate the Puerto Ricans for the social price which we must pay on account of our educational limitations.

I sincerely hope that your Committee can see it fit to accept the recommendations made by Resident Commissioner Corrada and Secretary of Education Chardón. Wishing you success during your deliberations on extending the Elementary and Secondary Education Act,
I remain

Cordially,

Carlos Romero Barcelo

Carlos Romero Barceló
Governor

Mr. Kildee, the distinguished gentleman from Michigan.

Mr. KILDEE. Thank you, Mr. Chairman.

I certainly listened with deep concern over the description of a rather bleak picture of education in Puerto Rico, although delivered not without hope. I know you have hope that this Congress will provide justice, and that is all you ask. The question that comes to mind, and I have taught high school for almost as many years as I spent in politics—is that you seemingly have a problem with basic education in Puerto Rico. For example, I looked at the class sizes, which shocked me, and I know that a significant reduction in class sizes, everything else being equal, does improve education, because I went through various class sizes in my teaching career. Another very disturbing fact presented is the ratio of the numbers of counselors to counselees. These various facts do paint a very bleak picture of education there, and I am wondering whether Title I and the various ESEA programs are sufficient to bring up rapidly enough the quality of education in Puerto Rico.

I know you need this, but I am wondering whether there is something beyond that which the U.S. Government should do? Do you have any suggestion along those lines?

Mr. CHARDON. Yes, Mr. Congressman. I understand that right now before the President there is a commission which is studying the entire economic development of Puerto Rico, and it is within this entire concept of development that I have more or less included my comments and basically within which I am guiding the Department of Education. One of the most important elements that we have in Puerto Rico, it is true, is basic education. Nevertheless, basic education in a country, in a Nation, in a State which has 20 percent unemployment, where the chances for employment for a graduate from high school are practically nil, basic education must include something beyond reading, writing and arithmetic; it must include character development, so that person can and is able to withstand an economic system in which there is every chance that he will not have a job.

That is to me a very powerful ingredient of what we need in the system in Puerto Rico. This is one of the basic elements that we are trying to infuse the Department of Education with.

The other element, which is parallel to that, is the concept that there is a lot of work to be done in Puerto Rico, but there is just not enough money to pay for it, and we as a people must get accustomed to the idea of working for our people for the pleasure of working for our people, and this is the other basic element which is guiding our Department of Education, which is that it is our duty as citizens to work for our people for no pay beyond satisfaction, and this, to me, is absolutely basic to us in Puerto Rico if we are to continue to live within the U.S. as a nation.

Mr. KILDEE. Our basic philosophy is that the U.S. Government has a basic obligation, and I am sure we agree, to see that a quality education is given to students. In many of the States title I is enough to carry those States beyond their own immediate needs to provide extra dollars for the problems due to poverty, but in some areas of our country, including Puerto Rico, it would seem that the dollars available locally are so few that we perhaps need something beyond what we have done so far under the ESEA to help provide that basic education or basic dollars, and supplement those basic dollars with the special programs. I certainly look forward to working with you and Mr. Corrada to see what can be done in this regard. I believe we have a moral obligation. Education should be a basic right for all American citizens, and I look forward to working with both of you toward the fulfillment of this obligation.

Mr. **CHARDON**. I believe that has been one of the leading marks of our nation, which is the belief that education is the basis of our freedom.

Mr. **CORRADA**. Thank you very much, Mr. Chardon. If there are no further questions, we appreciate very much your coming here and testifying today.

Mr. **CHARDON**. Thank you very much.

Mr. **CORRADA**. Now, I will ask the gentleman from Michigan to chair the hearings.

Mr. **KILDEE** [presiding]. Thank you, Mr. Chairman. I want to point out to the committee that Mr. Corrada does outrank me in seniority on the committee. We both came to the Congress at the same time, but seniority does rank here in the Congress, and it is kind of him to defer to me, because I would really like to welcome especially our next witness to the hearings, Ms. Caryl Kline. She is a distinguished member of a distinguished family. Her brother, Senator Wayne Morse, guided me, as he did thousands of Americans, in the formation of my political ideas, and both she and her brother are indeed heroes to me. So we welcome you here this morning.

STATEMENT OF CARYL KLINE, SECRETARY, PENNSYLVANIA DEPARTMENT OF EDUCATION, ACCOMPANIED BY WILLIAM DALLAM, COORDINATOR OF PENNSYLVANIA'S TITLE I PROGRAMS, AND JOAN SCHWARTZ, OF CARYL KLINE'S STAFF

Ms. **KLINE**. Thank you, Mr. Chairman.

Chairman Kildee and Representative Corrada and members of the committee staff, and ladies and gentlemen:

I am delighted to be here this morning, Mr. Chairman, because little did I think when I sat through hearings on the education bill of 1965 that 12 years later I would be back testifying on changes to that self same bill.

As Secretary of Education for the Commonwealth of Pennsylvania, I am delighted to have this opportunity to share my views with you on the reauthorization of the Elementary and Secondary Education Act and related programs.

While my testimony today will be limited to title I allocation issues, I shall be submitting full written testimony on related title I issues, title IV, and other programs expiring in 1978.

We would deeply appreciate if the full written testimony might be included in the record, Mr. Chairman.

Mr. **KILDEE**. Without objections, it shall be so ordered.

Ms. **KLINE**. Thank you.

With me today are Dr. William Dallam, the coordinator of past title I programs, and Joan Schwartz, of my staff, who will be happy to answer any specific questions you may have about the title I program in Pennsylvania.

The title I program works well in Pennsylvania. The children being served are making significant educational gains. I am not here, therefore, to request a complete revision of existing law. I will focus on those sections of the law which could be changed to better meet the needs of the children the title I program purports to serve.

In Section 101 of Title I of the Elementary and Secondary Education Act of 1965, Congress set forth its declaration of policy concerning financial assistance for the education of children of low-income families.

From its inception, title I was clearly intended to be a program directed at attacking educational deficiencies which were a function of cultural or economic deprivation. This was a legitimate focus in 1965; it continues to be valid in 1977. The correlation between economic disadvantage and educational deprivation continues to exist. In Pennsylvania, for example, two of every three educationally deprived children served by the title I program also appear on one of the official, objective measures of poverty, that is, Aid to Families with Dependent Children, or they are on the Reduced Price Lunch rolls.

Only with a continuing national commitment to attacking poverty and its correlates through programs like title I can we hope to meet the educational needs of the economically deprived. The current part A, which is Basic Grants to Local Education Agencies, of the formula recognizes the correlation between educational disadvantage and economic deprivation. I would therefore recommend that the basic grants formula be continued in its present form.

The current formula works well for Pennsylvania; our fiscal year 1979 allocation for basic grants will be approximately $108 million. I am a little shocked when I say that to you, Representative, because it is almost twice what we just heard for Puerto Rico.

This represents an increase of $18 million over fiscal year 1978. This increase is due not to a formula change but to an increased national appropriation level for the title I program. If we are to meet the needs of the 50 percent of the children who are eligible but as yet unserved, further increases are necessary.

In Pennsylvania, only 53 percent of the urban school buildings are currently served by title I. A strong need exists to serve the educationally disadvantaged in the 47 percent of the urban buildings that cannot now be reached. This is in dramatic contrast to our rural areas, where 95 percent of the buildings are currently being served. The children in rural areas need services as much as those in the cities. Rather than deny services to those children in rural areas because they are part of a lower concentration of title I eligibles, aid should be increased to those urban areas presently unserved.

Aid to urban children should not be increased by reopening the formula under Part A and finding ourselves embroiled in a battle reminiscent of 1974. The development of a new Part C, with a separate allocation based on urban density and poverty factors, would better serve to resolve the problems of the large urban areas.

Several other options concerning Title I basic grants allocations have been receiving attention recently. One suggestion for distributing Part A funds being advanced by Representative Quie of Minnesota and by some educators is test-based funding. In order to shift to test-based funding, a State-wide test would be needed to determine an average district level. Pennsylvania has no Statewide testing system, and, therefore, either we would have to create such a system, which would involve tremendous administrative hurdles and yet another paperwork burden, or we would have to use local data, which would put the local school districts under tremendous pressure. When funding depends on the rate of gain, the incentive to juggle test scores becomes overwhelming.

In addition to these substantial problems, I must oppose test-based funding for more parochial reasons. An informal survey conducted by our title I staff in 1975 to determine the effect of a test-based allocation system on funding levels showed that Pennsylvania would lose approximately one-third of its Title I funds. Inasmuch as we are now serving only one-half of the educationally disadvantaged, I oppose any system which would reduce further an already inadequate level of service.

Another allocation alternative proposed by some of my colleagues would set up a system of ranking the schools across the State, according to their incidence of poverty, and only those schools above the Statewide poverty average would be eligible for title I benefits. Under such a system, only 178 of the 500 school districts currently serving Title I children in Pennsylvania would qualify for Title I assistance. This means that 6,000 of the 8,000 Title I teachers currently paid with Federal funds in Pennsylvania would no longer be paid by the Title I program and would have to be absorbed by local school districts. This could have a $32 million impact on the Commonwealth.

Test-based funding and ranking are not acceptable allocation methods for Pennsylvania. I urge the use of the current formula factors for allocation at the State level. School district allocations should be determined by each State on the basis of these same poverty factors; this would result in equal funding for each eligible child. As under current law, school districts would provide title I services to those children identified as the most educationally disadvantaged on the basis of test scores.

Such a suballocation method would address the problems caused by the current county allocation system, which is unworkable for States like Pennsylvania with school districts which cross county lines. The U.S. Department of Health, Education and Welfare has long been aware of this problem; their counsel recognized the need for legislative change as early as November, 1974.

Two provisions under current law are contradictory. One distributes funds on a county level based on the latest and best figures for formula children while another provision guarantees, under an 85 percent "hold-harmless" clause, certain minimum sums to every district in a county. Thus, when payment for the number of formula children falls below the funding level guaranteed to a school district, the difference must be made up from some other source. Generally, this leads to shifting of funds and creates confusion at the school district level and the need for increased and excessive computation at the State level. If the funds were allocated on a formula basis to the State as a whole, and the State were to handle suballocations to the school districts, this problem would be eliminated.

This change in the method of suballocations would also alleviate a related problem by modifying a provision of the law which was intended to protect the children being served but which now impedes the program's effectiveness. I refer to the target school/eligible building requirement, which provides that services be offered only in buildings with at least the average low-income percentage for the district.

This provision made sense in the early years of the title I program. After 12 years, however, in which the Title I program has been concentrated in the same buildings, the children needing service are not in presently eligible buildings. The problem is especially acute in suburban and urban areas. Twenty-four percent of the suburban buildings contain educationally disadvantaged children who can't be served because the buildings fall below the district average for low-income enrollment. Forty-seven percent of the urban buildings are ineligible for service for the same reason. But in the rural areas, only 5 percent of the buildings are not eligible.

If the money were allocated to the school districts on the basis of the current formula factors, the school districts could then use local test scores to fund programs for the most educationally disadvantaged wherever such children are located. The concentration called for in the legislation would be guaranteed, inasmuch as a minimum of $234 must be spent per child in Pennsylvania. I believe that, rather than the fewer than 50 percent of the children nationally who are now being served, approximately 75 percent could be served under such a system.

One of the arguments against this method of allocation has been that the money would be spread too thinly across the district to be effective. In our urban areas 47 percent of the buildings are unserved because of the eligible building requirement. Our rural school districts, however, do not have wide discrepancies; only 5 percent of the eligible buildings in these areas are presently unserved. Thus, the title I money is spread uniformly across these districts. In addition, approximately 300 of our 500 Title I school districts are presently serving every building. Our test results have shown above average gains in these districts. Therefore, our figures would indicate that a wider spread of title I money—rather than diluting the effects of the program—does indeed prove to be quite effective. I would urge a change in this eligible building provision since it has resulted in a significantly lower rate of service in urban areas than in the rural districts where the money is spread across the district into all the buildings.

Ms. **Kline**. Another reason for doing away with the eligible building/target school concept would be the coincidental solution of problems under the Emergency School Aid Act. At present, if a child is in an eligible building and is herself eligible for title I services but is transferred to a non-eligible building as a result of a desegregation plan, the child loses the title I services. One alternative would be to provide that the money follow the child. A far easier alternative would be to do away with the eligible building concept, which would effectively provide that the child would be eligible for services if he or she falls into the most economically disadvantaged stratum of the shcool district no matter what building he or she happens to attend.

Another provision of the law which impedes the effectiveness of title I services is generally called "supplantation." As originally conceived, supplantation was designed to prevent local agencies from using Federal funds to replace local funds. I have no quarrel with this concept. This provision as presently implemented, however, works to the detriment of the program.

As currently defined in law and regulations, the supplantation concept prevents a school district from establishing any new programs or establishing programs in areas that are not eligible for title I. As currently interpreted, if a school district chooses to establish a Title I-like program in a non-title I eligible school, this is seen as supplanting. The school district is then required to establish such a program in all of its schools, which creates an impossible financial burden for the school districts and results in the creation of no new programs. I believe this is not the intent of the legislation, and I urge the redefinition of the supplantation concept to enable school districts to establish new programs or re-establish programs in areas not now eligible for title I.

I would like to share two examples with you. The first is from a Pittsburgh Post Gazette article of October 1 of this year:

"Amy, a second grader in Glade View Elementary School in Lower Burrell, needs remedial reading help. Her older brother Eddie, in the third grade, received such assistance last year and now is reading at the same level as most of his classmates.

"But because of Federal guidelines regulating funds for remedial math and reading programs, Amy can't get the same service that aided her brother. The programs, which continue in Burrell School District's other three elementary schools, had to be cut at Glade View.

"And even if the district were willing to pay for Glade View's programs out of its own pocket, it couldn't because that would jeopardize allocations for the entire district.

"The Burrell district, which serves 1,195 students in Upper and Lower Burrell, Westmoreland County, faces a double bind that is affecting at least a dozen districts in the State; they have the Federal money, but they can only use it in targeted schools."

My second example concerns the school district of Philadelphia. Two years ago the school district of Philadelphia lost eligibility in 40 of its buildings. In each of these buildings, Title I funds had been used to hire 3 reading aides. When Title I funds were withdrawn, the parents appealed to the school board to continue the aide programs with local funds. The school board agreed, even though it would have entailed a cost of $400,000. The U.S. Office of Education's interpretation of supplantation, however, prevented the Philadelphia School Board from picking up the discontinued programs in those 40 buildings unless they also agreed to use local funds to establish similar programs in all 165 buildings. This, of course, imposed an impossible financial burden on the district and resulted in no programs being authorized by the school board.

I would like to point out that one of the original purpose of title I was to introduce new methods and techniques to children, but the interpretation of supplantation, particularly in large districts, effectively prevents that goal. I would therefore ask that in the reauthorization some provision be made to allow districts to serve educationally disadvantaged children in buildings not previously reached, particularly if the districts can demonstrate, through their own needs assessment, that they have had effective programs in previously eligible buildings. Under the present interpretation of the law, school districts are being penalized by success. This interpretation must be changed; school districts must be able to contiue effective programs when buildings become ineligible for Title I funding.

Changes in the supplantation and eligible building concepts, combined with a statewide allocation based on the current formula and sub-allocated on the basis of school district low-income factors, would give a more rational direction to the use of title I funds in the future. There are, of course, many other title I issues which my written testimony will address. Before I close my remarks here today, however, I must set the record straight on one last allocation-related issue.

You are probably aware of testimony by certain education associations that title I funds should go directly to school districts as the administration is inefficient and wasteful at the State level. You may have heard allegations that the spending of title I funds—specifically for FY 1974—was incorrectly reported by the State education agency in Pennsylvania. I wish to give you the facts of the case.

In testimony given by the National Education Association before the Senate Government Affairs Committee on October 13, NEA stated that Pennsylvania received $72,177,120, but only reported disbursing $66,663,184. On page 7 of their testimony, NEA cited this difference of $2,513,936 as a "discrepancy...indicating a tremendous lack of accountability, direction and coordination." I prefer to call it inaccurate data collection and interpretation on the part of NEA.

Pennsylvania Department of Education records show the distribution of FY 1974 title I funds to Pennsylvania's public schol districts as follows:

Part A, the revenues were $69,645,082, and we allocated precisely the same number of dollars for Part A.

Part B, the revenues were $630,042. We allocated precisely the same number of dollars.

Part C, $2,244,892, we allocated precisely the same number of dollars. The total, therefore, in revenues, was $72,520,016 and we allocated exactly the same number of dollars.

As you can see, not only can we account for the alleged $2.5 million discrepancy, but we received and distributed, in fact, about $343,000 more than the amount NEA reported that we should have distributed.

NEA, I am afraid, did not actually conduct a survey program by program or school by school. If they had, NEA would have discovered that the total allocation to Pennsylvania for Title I in 1973-74 was $80,912,756, and you will note in my written testimony that there will be a chart on page 12 which will show you these figures.

The additional moneys went for programs for handicapped children in State institutions, neglected children, delinquent children in adult facilities, migrant children and a bare 1 percent for State administration of all these programs.

This 1 percent is the best bargain in education for the Federal Government because it not only pays for the full-time attention of persons to monitor and to administer the title I programs but also is directly responsible for the involvement of 500 of Pennsylvania's 504 school districts in the program.

In contrast, I would ask you to look briefly at two direct grant programs in Pennsylvania in which the State plays either a minor technical assistance role or no direct administrative role at all. The first is the Indian Education Act. The Federal Government directly contacts local districts and informs them of the availability of funding. For 3 years, the U.S. Office of Education has been doing this in Pennsylvania, yet no districts have responded. No services have been provided, although we estimate that there are several thousand children needing service each year.

Recently, the Pennsylvania Department of Education, sensitive to the need for such a program, funded an Indian Education program in Western Pennsylvania using other sources. Approximately $250,000 in Federal program money for Indian Education has already been lost to Pennsylvania—and more to other States—as school districts rarely apply for funds unless assisted by staff at the State level.

Secondly, there is the newly funded, low-rent housing section of Impact Aid, which is directed toward ESEA Title I-like programs. As in the Indian Education programs, districts are directly notified by the Federal Government of the availability of funds, approximately $4.5 million for Pennsylvania. Again, there are no funds for administering or monitoring at the State level. Our department, acting on its own initiative, called in all the districts and gave considerable assistance in preparing applications and meeting other application requirements. Had we not acted, many of the eligible districts would never have applied.

Several Members of Congress aware of this Impact Aid funding have called our title I office to discover why schools in their districts did not receive these Impact Aid funds. The answer is simple; the districts failed to apply, although $4.5 million was at stake. This failure on the part of districts to independently apply for funds is all too characteristic of direct-funding programs. State-level administration, monitoring and involvement is vital if the viability of Federal programs is to continue.

Thank you, Mr. Chairman, for this opportunity to present testimony on title I funds allocation.

If there are questions, either I or my staff will be happy to answer.

[Additions to Ms. Kline's testimony follow:]

Chart A

Title I Allocations

1973-74

Local Education Agencies	
Part A	$ 69,645,082
Part B	630,042
Part C	2,244,892
State Institutions	
Handicapped	$ 5,775,689
Juvenile Delinquents	760,365
Delinquents in Adult Facilities	208,587
Neglected	244,036
Migrant	631,411
Administrative	772,652
Total	$ 80,912,756

Several members of Congress aware of this Impact Aid funding have called our Title I office to discover why schools in their districts did not receive these Impact Aid funds. The answer is simple; the districts failed to apply, although $4.5 million was at stake. This failure on the part of districts to independently apply for funds is all too characteristic of direct-funding programs. State-level administration, monitoring and involvement is vital if the viability of federal programs is to continue. ③

While the formula and allocation issues are of primary importance, I would also like to touch on several other Title I issues, specifically a) pull-out instruction, b) audits, c) state plan/multi-year application, d) state-operated programs, e) special incentive grants, and f) state administrative funds/matching.

a) Pull-Out Instruction

You have heard and will hear testimony that pulling children out of their classroom stigmatizes them and causes them to fall behind in their other classes. Instead of stigmatization, we find a growing demand by parents that their children be included in such programs--with well-trained teachers, fine materials, and a low pupil-teacher ratio. The remedial reading centers are often the most pleasant places in the school environment.

In this day of small group activities across the curriculum, there is no stigma to a child's being pulled out for special instruction. Children are pulled out for advanced work as well as remedial. As to the argument that the child will fall behind in his or her other subjects, if the child does not have a grasp of basic reading and math skills, he or she is probably already lagging. If reading and math skills are improved through Title I services, the probability of better achievement in the other subjects is high.

Our position in Pennsylvania is that specific categorical aid, using the best-trained teachers available, the best available materials, a very low pupil- teacher ratio, and a maximum of remedial teaching time, has proved to be a very successful way of overcoming the severe educational deficiencies of these children.

I support the concept that if 70 percent of the class is eligible for Title I, then the entire class should be given remedial instruction. I am not, however, in favor of replacing the pull-out method with general aid. By general aid, I refer to the concept of giving money to the district to be used for any purpose. Proponents of general aid believe that if 40 percent or more of the school is eligible for Title I services, the entire building should be seen as eligible and the Title I funds given as general aid.

In the early years of Title I, the situation of using Title I funds somewhat as general aid existed. States were extremely liberal in the kinds of expenditures they allowed districts to claim, particularly those with heavy concentrations of low-income children. As a result, a large percentage of the Title I funds was spent on general improvements of the school environment; for example, the purchase of marble drinking fountains, wrestling mats, band uniforms, and on personnel generally working with all children, not exclusively Title I eligibles. None of this activity resulted in increased academic achievement, nor was there any perceptible effect on the children who were supposed to be the focus of the legislation.

b) Audits

Another issue of great importance to Pennsylvania concerns the auditing provision for Title I, a provision with which we in Pennsylvania are all too familiar. I am, of course, in favor of timely audits of the Title I program. Yearly audits of a program provide an excellent device for improving programs and ensuring compliance with federal law and regulations. Currently, however, the auditing provisions in the law and its interpretations are not sufficiently clear.

Two problems arise as a result of this lack of clarity. First, audits are conducted too infrequently. If a mistake is made in one year and not "caught" -- and not corrected,--it will become a multi-year error and lead to a fine not for one year but for several. The fine is of such size that it becomes impossible to collect and forces states into lengthy and costly defenses. The current practice of conducting audits 4-7 years after the completion of the program thus serves as a punitive, not corrective, measure. Single-year, timely audits would rectify this situation.

Secondly, the present statute does not allow HEW to demand a refund of Title I money for any alleged failure of a state to perform properly. The statute, as presently written, permits HEW to withhold money from any state for one purpose -- "failure to comply substantially with any assurance set forth in the applications of that State..." [20 U.S.C. 241 j]

However, HEW is currently demanding refunds from the states for both technical and substantive failures. These refunds are far more burdensome than a withholding might be. Furthermore, insofar as the violations complained of are past history and have been corrected as soon as the error was called to the attention of the state or local district, there is no corrective purpose served.

In Pennsylvania, familiarity with the law and effective timely monitoring by the state education agency have led to fewer mistakes and a closer adherence to the law each successive year since the program's inception.

c) State Plan/Multi-Year Application

The establishment of Title I as a state plan program has been suggested as a means of gaining more flexibility and allowing for the many variables which exist from state to state. Such a plan, it has been argued, would be an alternative to compliance with cumbersome federal regulations which restrict the state's ability to provide adequate services. Rigid regulations could be waived if the state --in its state plan -- could demonstrate compliance with the intent of the statutes. The plan would be approved by USOE and would set out procedures concerning comparability, equalization, maintenance of effort and other areas which have great diversity in their implementation from state to state. Such a state plan would, therefore, be basically a compliance document, covering several years and subject to annual updating. Development of the plan would allow for long-range planning, which could lead to multi-year funding.

Such a concept is, of course, of interest to Pennsylvania. In light of the history of other state plan programs, most recently and most notably, state plan programs under the Education of All Handicapped Children Act (P.L. 94-142), however, I am skeptical as to the true flexibility of any such state plan program. Although I do not seek substantial variations from existing law, I do urge two or three changes in the current legislation; specifically, changes in the area of statewide and sub-allocations, modification of the definition of supplantation, and the establishment of a multi-year application with annual updates as needed. I believe that the multi-year application could serve the same purpose as a state plan with fewer new administrative and paperwork requirements. I am, therefore, opposed to the state plan concept as I believe it would signal yet another layer of burdensome paperwork and administrative detail with little benefit to the program or the children to be served.

d) State-Operated Programs

The state-operated programs are also of some concern to Pennsylvania. The first deals with the handicapped set-aside. While I believe that it would make good sense to combine all parts of the handicapped legislation under one omnibus piece of legislation such as P.L. 94-142, I am concerned as to the possible loss of funds should such a merger of all existing handicapped legislation take place. Thus, unless the funding now available under Title I can be guaranteed in any shift of the handicapped portion, I would prefer that the handicapped set-aside remain part of Title I in any reauthorization.

The second state-operated program provides supplemental instruction for migratory children. This section of the law should be revised to provide full 5-year eligibility. The needs of the migrant pupils do not magically disappear with the termination of their migratory movement.

The legislation as it currently exists states that a migratory child --

> shall be deemed to be such a child for a period, not in excess of five years, during which he resides in the area served by the agency carrying on a program or project under this subsection.

I would suggest that the language be changed to read --

> shall be deemed to be such a child, after he has been identified as eligible, for a period, not in excess of five years, during which he resides in the area...
>
> [20 U.S.C. 241c-2]

Under current law, a child is entitled to education for a total of five years after his or her parents have established residence in a particular school district. Unfortunately, the reality is that it can often take a few months to 2 or 3 years to locate these children as former members of the migrant stream who could be eligible for five years of education under this section. By changing the law to provide for five years of service after the children have been identified as eligible, the purpose of the legislation, which is to provide supplemental services to those children who have been displaced but are now residents of a school district, would be better served.

The needs of another group of migratory children, i.e., the teenage migrants, are not being met under current law. By teenage migrants, I am referring to those migrants whose parents do not move around the state but who themselves become part of the migratory stream. In Pennsylvania, children from Appalachia, who clearly meet the definition of migratory workers, are disqualified for supplemental education programs because they neither travel with their parents nor have parents who are themselves migratory workers.

This past summer, 763 teenagers traveled from Pennsylvania to New England as migrant workers. They were neither eligible for summer enrichment programs in New England nor for supplementary services upon their return to Pennsylvania. The law should be changed to meet the needs of these youngsters.

Additional flexibility is also needed under the Neglected or Delinquent programs section of Title I, so that these programs can be adapted to meet the special needs of children in institutions, children basically confined for 24 hours a day and denied any real family structure.

These children often need training in social development as well as basic academic skills. Thus, the funds authorized under this state-operated program should be available for instruction beyond the basic skills now covered by the law.

e) Special Incentive Grants

Thirty-five school districts in Pennsylvania -- districts which are the most heavily impacted in terms of numbers of economically disadvantaged children and tax effort for education -- are presently receiving funds under the special incentive grants section of the law. These incentive grants are crucial and should be reauthorized.

f) State Administrative/Matching Funds

Another issue of great interest and concern to Pennsylvania has been raised in HR 7571. One provision of this bill would increase state administrative funds over a six-year period but would require phased-in state matching. Such a requirement would place an impossible burden on most states and would jeopardize the ability of the states to accept federal funds in the future.

Pennsylvania's budget situation, as is well known to this Committee and to the country, is a troubled one -- a situation true of many states. In addition, the Pennsylvania General Assembly now firmly exercises a federal oversight function. This federal oversight role, coupled with a requirement for increased matching of state administration funds to federal administration funds and the increasing federal requirements for administration of federal education programs, could be catastrophic for Pennsylvania's participation in future federal programs. I strongly urge careful study of such increased matching requirements.

Title IV (Consolidation)

The next program I would like to address is Title IV of ESEA, the Consolidation authorized by the Education Amendments of 1974 (P.L. 93-380). The main issues here involve the a) single application, b) handicapped set-aside, and c) maintenance of effort requirements.

a) Single Application

The current single application and filing date for programs under Parts B and C are workable in Pennsylvania. It would, however, be programatically better and mechanically more efficient to have separate filing dates for local education agency applications which cover 2 distinct and unrelated programs and are reviewed by 2 different groups in the State Education Agency. Possibly, the language could be amended to provide the option of separate applications and filing dates for Parts B and C.

b) Handicapped Set-Aside

The 15 percent set-aside under Title IV-C for programs for the handicapped should be added to P.L. 94-142 funds. Again, the same caveat which applied to Title I in relation to the possible loss of funds applies here, i.e., such a merger must not be accompanied by a loss of funds.

c) Maintenance of Effort Requirements

The maintenance of effort requirements, if complied with fully, create a horrendous bookkeeping task with only minimal staffing permitted to complete the paperwork. Some flexibility is crucial. As long as state-wide maintenance of effort is permitted under Title IV, as in Title I, no major problem exists for Pennsylvania, but a district-level maintenance of effort requirement would create serious problems.

The maintenance of effort provision more appropriately should be shifted to the General Education Provisions Act, inasmuch as a like provision appears in all federal education legislation.

Impact Aid

Impact Aid should be continued. The portion of Impact Aid which has been tied to Title I provides a categorical program within one of otherwise general aid. The responsibility for approval of Impact Aid - Title I-like programs for children coming from families in low-rent public housing has added an administrative burden to the present Title I staff. If this mechanism is the only way to protect the funding for these children, it should then be continued as a categorical part of Impact Aid. Title I administrative money should, however, be increased to cover the additional duties resulting from this joint responsibility.

State administrative funds are also needed under the Impact Aid law. No administrative funding presently exists, while responsibilities continue to increase in relation to general Impact Aid and major and pinpoint disasters claims.

Bilingual Education Act

Title VII of ESEA, the Bilingual Education Act, is also in need of change. In the policy statement at the beginning of this Act, Congress declared

> it to be the policy of the United States, in order to establish equal educational opportunity for all children (A) to encourage the establishment and operation, where appropriate, of educational programs using bilingual educational practices, techniques, and methods, and (B) for that purpose, to provide financial assistance to local educational agencies, and to State educational agencies for certain purposes, in order to enable such local educational agencies to develop and carry out such programs in elementary and secondary schools, including activities at the preschool level, which are designed to meet the educational needs of such children; and to demonstrate effective ways of providing, for children of limited English-speaking ability, instruction designed to enable them, while using their native language, to achieve competence in the English language. [20 U.S.C. 880b]

As interpreted in the practice of the bilingual education program, this policy has been used to limit activities under the Act or has been ignored. Equal educational opportunity for all students has become "separate but equal" opportunity. The exclusion of those children proficient in English from bilingual programs has served, to some extent, to isolate and segregate the children with limited English language proficiency. Without contact with English-speaking children and their culture, the perspective gained by children in bilingual classes can only be narrow of scope. In addition, English-speaking children must learn to respect and understand the language and culture of their counterparts with limited English language proficiency. The last sentence of section 703 (4) (B) of the Bilingual Education Act should be deleted so that the involvement of English-speaking children in bilingual programs will be encouraged rather than discouraged. While I recognize the risk that the focus of the classes could shift, I believe the benefits of the cultural exchange outweigh this risk.

I would also point out that the language in the policy statement calling for projects to develop programs and demonstrate effective ways has been interpreted so as to limit projects solely to developer/demonstrator types. Some funds should obviously be used to establish new programs, but existing programs should also be encouraged to continue. Success, as well as new development, should be rewarded. A mix of successful, well-established programs and new ones should be funded.

I would further recommend that the definitions and other references in the law be changed by replacing the term "limited English-speaking ability" with the term "limited English language proficiency," which would more appropriately describe the population to be served and would cover not only speaking but also comprehension, reading, and writing proficiency.

Another change in the definitions and other sections of the law should be the elimination of any reference to low-income children or families. While there may be some correlation between low-income status and limited English language proficiency, the lack of knowledge of English should be the prime factor to be considered in funding bilingual education. Many students needing bilingual education come from families well above any so-called low-income level. For example, speakers of French, Japanese, Hindi or Gujarati are often children of visiting professors, graduate students or parents of significant financial means who have come to the U.S. to establish permanent residence.

Another area of the current law which warrants attention is the section calling for a consideration of "the relative need of persons in different geographic areas within the state" for bilingual services and activities. [20 U.S.C. 880b-7] Here, as in Title I, concentration should not be a major factor in funding. Children of limited English language proficiency need services whether they are 1 of 1 or 1 of 100. More flexibility is needed in the use of bilingual funds.

Current law limits the state agency's use of federal funds to providing services only to those districts with Title VII programs. In Pennsylvania, 170 school districts have one or more children of limited English language proficiency. Only 7 of these districts receive federal bilingual funds, as funding is competitive and priority is given to projects with high concentrations of students with limited English language proficiency. The other 163 districts use their state and local funds to provide English as a Second Language (ESL) courses to help their children learn English as efficiently as possible. Depending on the child's degree of English language proficiency, these ESL programs consist of 1-3 hours daily instruction in specialized content area vocabulary and understanding, reading, speaking and writing skills needed for English language proficiency in all courses.

The continuing influx of immigrant children speaking languages in which existing staff have no expertise causes a critical need for additional education services. Thus, ESL is a necessary component of bilingual education. The cost of a total bilingual program in districts with low concentrations of limited English language proficiency and a variety of foreign languages is prohibitive. Increased funding to serve these children and to assist both school districts and the state education agency in meeting a constantly increasing fiscal burden is critical. In addition, the state education agency must be allowed to assist and monitor ESL programs with its Title VII administrative funds.

Finally, the state agency must be permitted to take a larger role in bilingual education. Local programs are not now and cannot be fully evaluated from the federal level. For this reason and those discussed above, the state education agency should be given more flexibility in and responsibility for program selection, in-service activities, monitoring and evaluation, with a subsequent increase in administrative funds for stronger state leadership.

National Reading Improvement Act
(Title VII of P.L. 93-380, as amended by P.L. 94-194)

The National Right to Read Effort, which has been given the administrative responsibility for Title VII, was founded upon the philosophy that all children in the schools of the nation should be able to develop reading skills commensurate with their ability. The program has operated with the goal: "that all may read."

The present focus of the National Reading Improvement Act is remedial in nature and provides funding for programs which deal exclusively with problem readers. Other federal programs, such as Title I, have also been established for this purpose. School districts have had difficulty in describing how Title VII funding will be used in a significantly different manner from Title I funding. I believe, therefore, that Title VII should be consistent with the Right to Read philosophy and goals instead of merely replicating the efforts of Title I.

Funding under Title VII would better be directed to developmental reading programs, which could be reading improvement programs as well as being remedial in nature. Children entering school, for example, do not immediately need remedial reading courses; they do need developmental reading.

In addition, the need for reading improvement does not end at Grade 6. In its present form, however, Title VII legislation does not permit the establishment of Reading Improvement Projects at the secondary level. While the legislation refers to comprehensive programs, which imply Kindergarten through grade 12, no provisions have been made to support the secondary programs.

I also believe the Title VII programs would work more effectively if there were better state-wide coordination. As part of the funding requirements for Title VII State Leadership and Training Programs, state education agencies are required to develop and implement a comprehensive state plan for reading. The plan is supposed to provide coordination of state reading improvement efforts.

The major portion of Title VII appropriations provides direct grants to Local Education Agencies and other agencies and institutions for Reading Academies, Reading Improvement Projects, Inexpensive Book Motivation Programs (RIF), and Special Emphasis Projects. Of these programs, only the Reading Improvement and Special Emphasis Projects require state review and approval. This permits these programs to be evaluated in terms of their consistency with and consideration of the goals established in the state plan.

In the case of reading academies or RIF programs, however, the state education agencies only receive information about projects funded in the state after the funding has been allocated; they have no input into the approval process. These projects are totally independent and may not fit into the state's improvement scheme. These projects should be reviewed at the state level, and the state education agency should have some control over the flow of these federal funds into the state, so that these projects become an integral part of the overall reading improvement effort of the state education agency.

I have one final comment in relation to Reading Improvement Projects. States are required to solicit grant applications, evaluate and rank them, and forward them to the U. S. Office of Education. Although every school district in Pennsylvania has the right to make application, few projects are funded. Last year only two Pennsylvania projects were funded, while two fine projects were denied continuation grants. Too much staff time (both at the Department of Education and in the school districts) has been involved for the little benefit realized. The Reading Improvement Program, at present, is ineffective, inefficient, and only creates a feeling of negativism among the school districts when they are encouraged by the Department to make application for funds which are inadequate and probably will not be available even for continuation grants.

I would, therefore, recommend that the federal government increase funding for Reading Improvement Projects, that the states be given full responsibility for the selection and evaluation of Reading Improvement Projects, and that the states be given administrative funds to defray the costs of administering this part of P.L. 93-380. With these changes, Reading Improvement Projects could become an effective part of states' Right to Read efforts.

Adult Education Act

The Adult Education Act is basically a sound piece of legislation which should be extended. Special emphasis for future legislation should continue to be placed on Adult Basic Education (ABE). I have only a few comments to make on this legislation.

The 20 percent restriction on the state's allotment for programs of equivalency for the certification of graduation from secondary schools should be removed. The discretion as to the amount used for this purpose should be left to the individual states as they plan to meet their individual needs in this area.

Provisions in Section 306 that each state shall use no more than 20 percent of the allotted funds for institutionalized persons should be changed to permit spending no greater percentage of funds than the percentage in the ABE target population of the state who are of institutionalized status. Greater flexibility for program content should also be permitted in order to teach the necessary adult competency skills needed to perform effectively in today's society.

Consideration should also be given to the authorization of new funds for needs assessments and planning grants to allow states to work toward interstate and interagency coordination and cooperation. For example, community education programs could then be coordinated with adult education programs for maximum utilization of resources under both programs.

Finally, I believe that the National Advisory Council on Adult Education provides a real service to the states and should be continued. State Advisory Councils, however, should remain optional for each state.

Emergency School Aid Act

While the entire Emergency School Aid Act (ESAA) will not be reauthorized until 1979, I would like to make a few comments on the programs as part of this testimony.

An area ripe for study is the organization of the programs within the Act. The present ESAA programs present a fragmented approach to desegregation. A consolidation of the ESAA programs would make applications more feasible for local districts, particularly in light of the low funding levels at present.

Use of funds should be permitted for magnet schools, but only as one component of a desegregation plan, not as the sole means of desegregation. Transportation costs should also be eligible for funding if busing is necessary to achieve desegregation.

Finally, state education agency administration funds and authority are crucial for effective program monitoring. The state department role is one of reviewing and commenting on applications and program monitoring, but funds to cover these costs must be taken from Title IV of the Civil Rights Act. Separate administrative funds should be included as part of any reauthorized ESAA -- or funds under Title IV of the Civil Rights Act should be increased to cover these related responsibilities at the state education agency level.

CONCLUSION

I appreciate the opportunity to raise these issues before this Committee, as they represent our actual experiences with existing legislation. We at the state agency are the conduit between the federal government and the local districts. We believe that the cost of our involvement -- the 0 - 5 percent of the funding we are granted for state administration -- is a small price to pay for the coordination, monitoring, accountability, and effective leadership we strive to bring to federal education programs. Our job at the state level could be facilitated -- and programs made more effective -- if the changes I have outlined above are implemented in the reauthorization of the Elementary and Secondary Education Act and related programs. My staff and I will be happy to clarify any of the issues I have raised or to provide the Committee with any additional documentation which you might request.

APPENDIX A

PRELIMINARY REPORT ON E.S.E.A. TITLE I ANALYSIS OF DATA FOR 100 PENNSYLVANIA SCHOOL DISTRICTS

Presented to: Mr. William Dallam, Chief
Division of Compensatory Programs
Bureau of Special and Compensatory Education
Room 580, Education Building
Department of Education
Box 911
Harrisburg, Pennsylvania 17126

Presented by: Bureau of Research and Related Services
West Chester State College
West Chester, Pennsylvania 19380

October 27, 1977

Bureau of Research and Related Services
West Chester State College
West Chester, Pennsylvania 19380

Introduction

This is the first in a series of reports which the Bureau of Research and Related Services at West Chester State College will present to the Department of Education on the statewide evaluation of the E.S.E.A. Title I programs operating in the Commonwealth of Pennsylvania.

This preliminary report is based upon a systematic sample of 100 school districts which, at this time, have supplied test scores in Reading and in Mathematics to the Department of Education. The results are to be regarded as preliminary. While the Final Report will include statistical tests of significance, this report will deal only with descriptive statistics.

School district personnel have supplied the Department of Education with pre- and posttest grade equivalent scores, by grade level, using tests of their choice in Reading and Mathematics. Some school districts utilized achievement batteries such as the Stanford Achievement Test while others chose more specific tests such as the Gates-MacGinitie Reading Test. The data for this report was analyzed by subject matter and grade level utilizing all data provided by the sampled school districts. Pupils in each grade level were pooled by district, and unweighted means for both pre- and posttests were computed in Reading and Mathematics. An expected mean grade equivalent gain score[1] was then developed for each grade, and comparisons were made between the expected and observed gain scores for each sampled district.

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[1] Expected mean grade equivalent gain score = (Mean pretest score ÷ grade level) X (mean time interval between pre- and posttests ÷ 10)

Additionally, as requested by the Pennsylvania Department of Education, the data supplied by the school districts was analyzed to determine the percentage of students in Title I programs who were educationally deprived. Educational deprivation was defined as 6 months below grade level in grades 2 and 3; one year below grade level in grades 4, 5, and 6; 2 years below grade level in grades 7, 8, and 9; and 3 years below grade level in grades 10, 11, and 12.

Reading Achievement

School districts reported grade equivalent scores, by grade level, on both pre- and posttests for Title I children in their schools. The data for the 100 sampled school districts was then pooled to obtain an overall picture. Tables I and II indicate that the observed gain exceeded the expected gain at every grade level. At the first grade level, an expected gain was not computed because students have not been in school long enough to be able to determine an average rate of growth. Best mean gains occurred at the ninth and twelfth grade levels in Reading, while full year mean gains were obtained in grades six through twelve (see Table I).

Results of the 100 sampled school districts indicate quite favorable results with approximately 84% of the classes experiencing a gain which exceeded the expected gain (see Table II). The best results occurred with the fourth and twelfth grades where 89% of the fourth grade classes experienced a mean gain in Reading greater than expected, and all six twelfth grade classes showed a mean gain greater than expected. Sixty-eight percent of the classes showed a mean gain greater than the interval between pre- and posttesting.

Observation of the data in this preliminary report indicates that Title I Reading programs are having a favorable impact upon children in the Commonwealth. Since students are improving at a greater rate than the interval between tests, the gap between Title I children and non-Title I children is slowly being reduced.

Mathematics Achievement

As with the Reading area, school districts reported grade equivalent scores, both pre and post for each child in the program, by grade level in Mathematics. This data is shown in Tables III and IV, and it indicates that the actual gain in grade equivalent mathematics scores exceeded the expected gain in 78% of the sampled classes. The most marked improvement occurred in grades three through seven where mean gains were greater than a full year. Very good growth rates were also demonstrated by second and twelfth grade students. Over all classes the mean observed gain in grade equivalents was .88 as compared to an expected gain of .59. This reate indicates students are achieving at a better rate in mathematics than they have in the past. Additionally, the mean observed gains were greater than the interval between tests in seven of the twelve grade levels.

The preliminary data suggest that Title I students are performing better in mathematics than one would expect on the basis of previous academic performance, and they are slowly closing the gap.

Percentage of Educationally Deprived Children Being Served by E.S.E.A. Title I

The data on the sample of 100 school districts was analyzed to determine the percent of students being served by E.S.E.A. Title I programs who are educationally deprived. Utilizing the definition of educational deprivation which the Pennsylvania Department of Education uses, the pretest scores of students entering programs were examined. For grades 2 and 3, the data was analyzed by child to determine the number who were one-half year or more below grade level. The criterion for grades 4, 5, and 6 was a full year below grade level. Those children in grades 7, 8, and 9 who were two full years below grade level were classified as educationally deprived; and for 10, 11, and 12, the criterion was three full years below grade level.

Table V shows that 72.1 percent of all students in the sample were educationally deprived as measured by the various standardized Reading tests administered by school districts in the sample. The percentage varied from grade level to grade level ranging from 57.4 percent at second grade to 87.5 percent at the sixth grade level.

Similar results were obtained when the Mathematics achievement test scores were analyzed. From Table VI it can be seen that 68.9 percent of the students were educationally deprived.

Conclusions

Students in E.S.E.A. Title I programs are making progress in both Reading and Mathematics. They are doing better than expected and in many cases are achieving more than a year's growth in less than a year's time between testing. Additionally, the programs are serving the intended population, the educationally deprived child.

Table I

Reading** Performance in Grade Equivalent Scores, by Grade Level, for A Systematic Sample of 100 Pennsylvania School Districts Participating in Title I

Grade	N*	Pre-Mean	Post-Mean	Interval Between Tests	Observed Gain	Expected*** Gain
1	36	1.20	1.83	.73	.63	NA
2	114	1.57	2.54	.83	.97	.73
3	124	2.25	3.10	.85	.85	.64
4	122	2.84	3.77	.79	.93	.56
5	119	3.46	4.37	.82	.91	.65
6	104	4.02	5.03	.83	1.01	.56
7	48	4.56	5.59	.79	1.03	.51
8	33	5.11	6.31	.81	1.20	.52
9	22	5.59	7.05	.81	1.46	.50
10	11	6.38	7.45	.82	1.07	.52
11	8	7.36	8.53	.84	1.17	.56
12	6	7.52	9.32	.83	1.80	.51
Total	747	4.32[a]	5.41[a]	.81[a]	1.09[a]	.57[a]

*N = Number of classes

**Includes vocabulary, comprehension, etc., from a variety of tests.

***Expected grade equivalent gain score = (mean pretest score ÷ grade level) X (mean time interval between pre- and posttests ÷ 10)

[a] = unweighted mean

Table II

Summary of Title I Reading Performance Comparisons for Classes by Grade Level for Students in 100 School Districts in the Commonwealth of Pennsylvania

Grade	Number of Classes for which the Observed Pre-Post Gain Exceeds the Expected Gain	Number of Classes for which the Observed Pre-Post Gain Is Less than the Expected Gain	Number of Classes for which the Observed Pre-Post Gain Exceeds the Interval between Tests
1	NA	NA	NA
2	98 (86%)	16 (14%)	79 (69%)
3	102 (82%)	22 (18%)	81 (65%)
4	109 (89%)	13 (11%)	82 (67%)
5	96 (81%)	23 (19%)	81 (68%)
6	83 (80%)	21 (20%)	68 (65%)
7	40 (83%)	8 (17%)	34 (71%)
8	28 (85%)	5 (15%)	23 (70%)
9	16 (73%)	6 (27%)	14 (64%)
10	9 (82%)	2 (18%)	6 (55%)
11	7 (88%)	1 (12%)	7 (88%)
12	6 (100%)	0 (0%)	5 (83%)
	594 (84%)	117 (16%)	480 (68%)

Table III

Mathematics** Performance in Grade Equivalent Scores, by Grade Level, for A Systematic Sample of 100 Pennsylvania School Districts Participating in Title I

Grade	N*	Pre-Mean	Post-Mean	Interval Between Tests	Observed Gain	Expected*** Gain
1	3	1.23	2.08	.90	.85	NA
2	8	1.57	2.54	.88	.97	.69
3	10	2.40	3.52	.81	1.12	.65
4	12	2.96	4.09	.80	1.13	.59
5	12	4.02	5.22	.80	1.20	.64
6	11	4.40	5.41	.78	1.01	.59
7	9	4.74	5.80	.80	1.06	.54
8	9	5.26	6.09	.88	.83	.57
9	4	6.20	6.68	.88	.48	.61
10	2	6.95	7.58	.85	.63	.59
11	1	6.53	7.01	.80	.48	.52
12	1	6.50	7.40	.80	.90	.51
Total	82	4.40[a]	5.29[a]	.83[a]	.88[a]	.59[a]

*N = Number of classes

**Includes mathematics scores from a variety of tests.

***Expected grade equivalent gain score = (Mean pretest score ÷ grade level) X (mean time interval between pre- and posttests ÷ 10)

[a] = unweighted mean

Table IV

Summary of Title I Mathematics Performance Comparisons for Classes by Grade Level for Students in 100 School Districts in the Commonwealth of Pennsylvania

Grade	Number of Classes for which the Observed Pre-Post Gain Exceeds the Expected Gain	Number of Classes for which the Observed Pre-Post Gain Is Less than the Expected Gain	Number of Classes for which the Observed Pre-Post Gain Exceeds the Interval between Tests
1	NA	NA	NA
2	4 (50%)	4 (50%)	4 (50%)
3	9 (82%)	2 (18%)	7 (78%)
4	9 (75%)	3 (25%)	9 (75%)
5	11 (92%)	1 (8%)	10 (83%)
6	9 (82%)	2 (18%)	9 (82%)
7	8 (89%)	1 (11%)	8 (89%)
8	7 (78%)	2 (22%)	5 (56%)
9	3 (75%)	1 (25%)	2 (50%)
10	1 (50%)	1 (50%)	0 (0%)
11	0 (0%)	1 (100%)	0 (0%)
12	1 (100%)	0 (0%)	1 (100%)
	62 (78%)	18 (22%)	55 (69%)

Table V

Percentage of Students in Sample at Each Grade Level Meeting Definition of Educational Deprivation* on Reading Achievement Tests

Grade	Number in Program	Number Meeting Criterion for Educational Deprivation*	Percentage
2	2,765	1,587	57.4
3	2,610	1,931	74.0
4	2,074	1,376	66.3
5	2,169	1,677	77.3
6	1,785	1,561	87.5
7	950	691	72.7
8	749	601	80.2
9	347	274	79.0
10	158	117	74.1
11	62	44	70.9
12	83	63	75.9
Totals	13,752	9,922	72.1

* = Grades 2 and 3 = 1/2 year behind grade level.
Grades 4, 5, and 6 = 1 year behind grade level.
Grades 7, 8, and 9 = 2 years behind grade level.
Grades 10, 11, and 12 = 3 years behind grade level.

Table VI

Percentage of Students in Sample at Each Grade Level Meeting Definition of Educational Deprivation* on Mathematics Achievement Tests

Grade	Number in Program	Number Meeting Criterion for Educational Deprivation*	Percentage
2	106	72	67.9
3	197	137	69.5
4	217	124	57.1
5	352	230	65.3
6	205	156	76.1
7	239	153	64.0
8	227	180	79.3
9	82	78	95.1
10	29	9	31.0
11	46	30	65.2
12	5	5	100.0
Totals	1,705	1,174	68.9

* = Grades 2 and 3 = 1/2 year behind grade level.
Grades 4, 5, and 6 = 1 year behind grade level.
Grades 7, 8, and 9 = 2 years behind grade level.
Grades 10, 11, and 12 = 3 years behind grade level.

APPENDIX

EDUCATIONAL TESTING SERVICE PRINCETON, N.J. 08

Education Policy
Research Institute
•
609-921-9000

RE[illegible]
OC[illegible]
SEC[illegible] EDUCATION

October 10, 1977

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OCT 18 1977
OFFICE OF
PUBLIC AFFAIRS

Honorable Caryl M. Kline
Secretary of Education
State Department of Education
Harrisburg, Pennsylvania 17126

Dear Secretary Kline:

The next few months will see increased attention focused on the use of test scores for allocating federal funds. EPRI has conducted an exploratory study of within state distribution of Title I monies using statewide testing data. The preliminary findings have raised serious questions relating to issues of:

- Aid to urban areas--it would appear that older cities with decaying center cities may lose large amounts of aid under a test based formula.

- Aid to wealthy suburbs--without critical mass factors wealthy suburbs are likely to benefit considerably from such a formula. Under one proposal for Title I an elementary school with 150 pupils could be eligible for federal funds with only 5 educationally needy students--less than one student per class.

- Stability of test data--what is the likely affect of dramatic shifts in funds as scores change over the years due to educational progress, uncertainty of test reliability and possible testing fraud?

- Definitions of educational need--some 26 states have competency based education, 43 have a form of statewide accountability and 19 have minimal standard cutoffs within the varying definitions of educational performance. This situation raises questions as to how need shall be defined.

THE EDUCATION POLICY RESEARCH INSTITUTE MAINTAINS OFFICES IN PRINCETON, N.J., and WASHINGTON

- Concentration of funding--should funds be targeted to students with the greatest educational need or will a student right at the cutoff point be considered as educationally needy as a student three stanines below that cutoff?

We would like an opportunity to share our data with you and discuss ways in which additional information and study might resolve these issues. We will be in touch with you shortly.

Sincerely,

J. Baratz

Joan C. Baratz
Director

Jay H. Moskowitz
Assistant Director

JCB/JHM/er

APPENDIX C

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

NOV 13 1974

OFFICE OF THE
GENERAL COUNSEL

RECEIVED
DEC 02 1974
Regional Attorney : Region III

RECEIVE
JAN 13 1975
ESEA-TITLE

MEMORANDUM

To : Dr. Terrell H. Bell
U.S. Commissioner of Education

From : Harry J. Chernock
Assistant General Counsel for Education

Subject : Title I, ESEA allocation of funds to local educational agencies--Issues raised by State of Pennsylvania

This is with reference to the very complex and difficult issues which have arisen with regard to the Title I allocations in Pennsylvania (and also in some other States). The difficulties stem primarily from the fact that Congress, while retaining the statutory language on county allocations by the Commissioner and sub-county allocations by States, has added a "hold harmless" adjustment on an LEA basis.

Attached is a staff memorandum (Tab A) and summary thereof (Tab B), analyzing the legal and policy issues as we see them. We would be glad to participate in any further discussions of this matter which may be necessary.

Attachments

cc: Mr. Rhinelander
Mr. Barrett
All Regional Attorneys
Mr. Grinstead
Mr. Mattheis
Mr. Wheeler
Ms. Dane
Ms. Englund
Mr. Cooke
Dr. Alford

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

November 13, 1974

OFFICE OF THE
GENERAL COUNSEL

SUMMARY OF STAFF MEMORANDUM

SUBJECT : Title I, ESEA allocation of funds to local educational agencies--Issues raised by State of Pennsylvania

1. The proposed Pennsylvania method does not call for distribution, by the State educational agency, of a county grant determined by the Commissioner under section 103(a)(2) of the Act only among local educational agencies in whole or in part in the county as contemplated in that section. Instead, in essence, it calls for distribution of the aggregate amount available for LEA grants in the State (the aggregate of the county grants) among LEA's on a per-pupil basis, the per-pupil amount being determined after accounting for amounts necessary to bring each LEA below the 85 percent floor up to the floor. Each LEA thus receives either the floor amount or an amount based on the reduced State-wide per-pupil figure, whichever is larger.

2. Since the Pennsylvania method involves determination of LEA grants without regard to county amounts under section 103(a)(2), we do not think that it is in accordance with law and do not believe that OE is in a position to approve it, absent amendatory legislation. At the same time, the memorandum recognizes that certain features of the Pennsylvania plan are attractive in terms of equity and that it responds to concerns expressed by the conference committee on P.L. 93-380 which cannot be satisfied under the current law given the available methods of administering it. In particular, the Pennsylvania method has the effect of distributing the amounts needed to bring particular LEA's up to the floor among all LEAs in the State rather than taking amounts needed to meet the floor only from LEAs in the county in which the floor LEA is located.

3. The memorandum suggests that a request for Congressional resolution of the matter provides an option to handle this difficult situation and the only sound basis for approval of the Pennsylvania method, if that is desired. Moreover, the Pennsylvania method represents an attempt to overcome practical difficulties in computing the formula which are being encountered not only by Pennsylvania but by a number of other States. Thus, legislation would appear to be needed to harmonize what States can do with the provisions of the law.

4. We have carefully considered the practical consequences of our advice that Pennsylvania's proposal does not accord with the law, in the light of the difficulties States are encountering with the law; the inconsistencies in the statute (compare §103 and §144 of the Act);the difficulties of effecting enforcement of highly technical provisions (should Pennsylvania children be ousted from Title I because of computational difficulties); and the disruption which enforcement would create at this stage of the year. We have suggested corrective technical legislation as one possible approach or option. If such legislation were seriously before the Congress (whether as a result of Department initiative or otherwise), we think, in view of the circumstances described above, that OE would be justified in deferring a decision as to conformity proceedings against Pennsylvania and other States to prevent the use of the proposed Pennsylvania method until Congress had an opportunity to react. If no legislation was enacted, an enforcement decision could at least be based on an informed judgment as to Congress' view. Presumably, States informed of this approach could then make judgments as to how to proceed accordingly.

5. The writing of this memorandum has been strongly influenced by the feeling that virtually any method imposed for computing the formula on either the State or the Federal level will encounter criticism on a statutory and/or practical basis. (This is because the statute contains apparent inconsistencies, §103 talks in terms of counties; §144 provides for an LEA floor.) Many States, we are told, cannot follow the method provided for under section 103(a)(2) and prescribed by the Office of Education. On the other hand, OE's present method has been criticized by congressional staff as a result of changes in P.L. 93-380 because it relies upon a county floor rather than an LEA floor approach. Alternative methods which we have heard proposed are objectionable on serious practicable as well as perhaps legal grounds. At the root of the problem is Congress' belief that data for determining the formula is available on an LEA basis and OE's conviction that such data is not available.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

Tab A

OFFICE OF THE
GENERAL COUNSEL

STAFF MEMORANDUM

Title I, ESEA allocation of funds to local educational agencies--Issues raised by State of Pennsylvania

I.

The Office of Education has requested legal advice concerning the allocation of Title I ESEA funds by Pennsylvania. The question concerning the validity of a method of allocation proposed by Pennsylvania has been raised in discussions with that State.

A. Title I provides for grants to local educational agencies ("LEAs") for projects in areas with high concentrations of low-income children. Section 143(a)(1) of Title I of the ESEA provides in pertinent part: "The Commissioner shall, subject to the provisions of section 144, from time to time pay to each State, in advance or otherwise, the amount which it and the local educational agencies of that State are eligible to receive under this title." Section 103(a)(2) provides that where satisfactory data are available, the LEA grant ("entitlement") is computed by multiplying the number of low-income children in the LEA (determined in accordance with the statutory formula) by an established percentage of the State or national average per pupil expenditure. Section 103(a)(2) further provides that if satisfactory data for this purpose are not available, the LEA grant is determined on the basis of the aggregate of all LEA grants in the county where the particular LEA is located ("county grant"); the State educational agency is then responsible for suballocating the county grant among LEAs within the county "upon such equitable basis as may be determined by the State educational agency in accordance with basic criteria prescribed by the Commissioner." The applicable regulation (45 CFR § 116.4) provides generally that this suballocation is to be made on the basis of the most recent reliable data reflecting the current distribution of low-income children, including data on families receiving AFDC payments.

B. The statute (§ 103, subsection (c)) provides that the data to be used by the Commissioner in making his determinations is to be the most recent satisfactory data compiled by the Commerce Department (census data), 1/ and data compiled by the Secretary of HEW in connection with the AFDC program.

Since Department of Commerce Census data has not been broken down according to LEA boundaries, the Commissioner of Education has been required to calculate county grants based on Commerce data which is broken down by county. In computing the county grants, the Commissioner has taken into account any statutorily prescribed "floor" amounts (by proportionately reducing the county grants on a nation-wide basis as necessary to ensure that counties, and therefore LEAs within counties, can receive the prescribed "hold harmless" or "floor" amount). 2/ The State has then been expected to suballocate each county grant as computed by the Commissioner among LEAs in that county in accordance with 45 CFR § 116.4. Under this "county suballocation" method, the Commissioner has assumed that amounts necessary to guarantee any LEA a prescribed "floor" would be derived from proportionately reducing amounts computed for other LEAs located within the same county, the county being the universe within which such reductions are calculated.

C. State educational agency officials of the Commonwealth of Pennsylvania assert that it is extremely burdensome and time-consuming for them to compute LEA grants by suballocating county grants. The reason for this, they maintain, is that many of their LEAs are located in more than one county, some being split among as many as five counties. 3/

The Title I regulations (45 CFR § 116.6) in effect provide that each portion of such an LEA located in a county shall for the purpose of suballocating county grants be treated like an entire LEA; the total LEA grant is then calculated by combining the amounts calculated for each portion thereof. Pennsylvania officials assert that to be required to calculate grant amounts for portions of those LEAs which are located in more than one county increases the number of their calculations literally a thousand-fold.

Pennsylvania has proposed two alternative methods of computing LEA grants on a State-wide basis which it contends are legally permissible.[4] Pennsylvania urges that its FY 1974 LEA grants be finally adjusted according to these proposed criteria, and that LEA grants for future years be calculated in the same manner. Described below are the details of the methods proposed by Pennsylvania:

> The Commissioner would determine the amount due to the State by calculating the total of the State's county grants in accordance with sections 103(a)(2) and 144 of the Act, as has been the customary practice.
>
> As noted above, the law provides a guaranteed amount at which the LEA is "held harmless" regardless of its allocation computed under the formula. For FY 1974 grants this was 90% of the FY 1973 allocation; under section 144 as amended by the Education Amendments of 1974, Public Law 93-380, section 101(a)(7), LEAs are held harmless to 85% of their previous fiscal year's allocation.

Pennsylvania describes the first of its proposed methods as follows:

> "Step 1--Since the county boundaries of Cameron, Philadelphia and Sullivan Counties are coterminous with the local education agency boundaries and each county contains only one district, the grants calculated by USOE shall be removed. The total grants for the three counties was $27,182,288. The remaining funds allocated to Pennsylvania shall be allocated using the statewide ratable reduction method.

NOTE: Page 4 missing from our copy.

The question addressed in this memorandum is whether the above-described approach (hereinafter referred to as "the Pennsylvania method") may be approved as authorized under the Title I statute.[5] It should be noted that, while the question is presented as a result of discussions with Pennsylvania, it is understood that a number of other States may be employing methods similar to those proposed by Pennsylvania in determining the allocation of Title I funds.

II.

We note at the outset that the Pennsylvania method of allocation is responsive to one important concern recently expressed by the Congress regarding Title I allocations.

In the Conference Report on P.L. 93-380, the conferees indicated concern that the Title I program had been administered in such a manner that funds are allocated to counties rather than to local educational agencies. "The use of this administrative device could mean that school districts with increasing numbers of Title I eligible children in counties with static or declining numbers of such children may be denied rightful increases in Title I allocations." (Sen. Rept. No. 93-1026, at p. 147 (1974)). The Conference Report went on to comment:

> The conference committee does not wish these statements to be construed as condoning the present HEW practice of using county-level data as a substitute for local educational agency-level data in calculating hold-harmless levels. Rather, the conferees intend that . . . the 85 percent hold-harmless provisions serve as an incentive to the Office of Education to collect appropriate local educational agency-level data necessary to implement the Amendments.

As we understand it, the focus of this congressional concern was an LEA which had an increase in children to be counted for the Title I formula but which was situated in a county with another LEA having a declining Title I population but enjoying the benefits of the 85 percent "hold harmless" provision contained in section 144 of the Act. The LEA with the increase would be disadvantaged because its allocation would be limited to the portion of the county allocation remaining after the allocation of the LEA receiving the floor had been satisfied. This was essentially the situation presented in Huntsville City Board v. Brown, C.A. No. 74-62-N, M.D. Ala., 1974 in which a three-judge Federal District Court upheld the constitutionality of the 90 percent Title I "floor" provision in the FY 1974 appropriation act (P.L. 93-192) (quoted supra), although that provision had the effect recited above with respect to two school districts in an Alabama county.

The problems addressed in the Conference Report arise because data for making determinations under section 103(a)(2) and section 144 of Title I are not available on a local educational agency level. Under section 103, one ingredient of the formula is census data from the Department of Commerce; since the initiation of the program, the Department of Commerce has been unable to furnish census data on a school district basis, which would enable OE to determine entitlements and allocations on that basis without regard to counties.

As we read the Conference Report, it was intended to provide an additional stimulus to OE to obtain local educational agency level data. It does not, however, suggest that there is authorized an alternative method for computing the Title I formula which permits a State to allocate a State amount to all LEAs in the State without regard to county amounts. At the same time, we observe that the Pennsylvania method avoids, or at least mitigates, the result or effect of the current method which caused concern to the conferees, namely the impact of the LEA 85 percent floor provision on an LEA which has growing Title I enrollments but is in a county with declining enrollments with other LEAs that must be artificially raised to the floor level. The effect of the Pennsylvania method, as we understand it, is to establish the amount necessary to provide each LEA its 85 percent "floor" guarantee under § 144 of the Act (as amended by P.L. 93-380) and to draw that amount from all other LEAs in the State.[6] As the description of the steps in the Pennsylvania method indicate, the amount of (formula) "entitlement" pupils (the number of children counted) in determining the entitlements of the counties in the State is divided into the entire aggregate amount available to the State to produce a per pupil allocation, which is subsequently reduced to take into account amounts needed to satisfy the floor. An LEA then receives the larger of the floor or the product of its entitlement pupils times the per pupil allocation reduced as described above.) While neither the statute nor the Conference Report specifically authorize this method, as indicated, it does respond in part to the concern of the Congress on this point.

III.

A. Thus, in one significant respect, the Pennsylvania approach to calculation of in-State Title I allocations to local educational agencies is responsive to expressed congressional concerns regarding the distribution of Title I funds. On the other hand, the Pennsylvania approach is inconsistent with the statutory framework established in section 103(a)(2) of the authorizing statute, which calls for the determination of the grant for which a local educational agency is eligible ("entitlement"), where satisfactory LEA level data is not available, "on the basis of the aggregate amount of such grants for all such agencies in the county or counties in which the school district of the particular agency is located." 20 U.S.C. 241c(a)(2)(Emphasis added.)) Section 103(a)(2) goes on to direct that this county amount or county grant "shall be allocated among those agencies [the local educational agencies in the county] upon such equitable basis as may be determined by the State educational agency in accordance with basic criteria prescribed by the Commissioner" (Ibid.). The pertinent language was not changed by P.L. 93-380. 7/

Thus, as we read it, the statute, in this section, directs that the State's role is confined to a suballocation of the county amount among school districts situated in whole or in part in the county. The State is not authorized to distribute what is in effect a State amount to all school districts throughout the State without regard to the county grants established under § 103(a)(2). The Pennsylvania method abandons this approach, aggregates the county grants, and distributes the aggregate amount on a per pupil basis among school districts throughout the State without regard to the county amount. Under this method, it cannot be determined whether the amount distributed to LEAs within a particular county exceeds the county amount determined by the Commissioner under the formula.

Subject to the floor provision of § 144, section 103(a)(2) limits the State to suballocating no more than the county amount to the LEAs in whole or in part in the county. In this respect, the proposed method is inconsistent with the statute. 8/

B. While some of the language added to Title I by P.L. 93-380 seems to be moving in a direction away from county determinations (see section 144 of the Act as amended by P.L. 93-380 (relating to 85% LEA hold harmless)), other language added by P.L. 93-380 seems to reaffirm the county grant approach. Thus, section 103(d) of the Act, as it read prior to enactment of P.L. 93-380, provided:

> "For purposes of this section, the Commissioner shall determine the number of children aged five to seventeen, inclusive, of families having an annual income of less than the low-income factor as established pursuant to subsection (c) of this section) on the basis of the most recent satisfactory data available from the Department of Commerce." (20 U.S.C. 241c(d).

Section 101(a)(2)(C) of P.L. 93-380 redesignates section 103(d) as section 103(c)(2) of the Act and makes the first sentence of such new paragraph read as follows:

> "(A) For the purposes of this section [section 103], the Commissioner shall determine the number of children aged five to seventeen, inclusive, from families below the poverty level on the basis of the most recent satisfactory data from the Department of Commerce for local educational agencies (or, if such data are not available for such agencies, for counties) . . . " (Emphasis supplied).

In other words, Congress here seemed to be going out of its way to reemphasize use of the county method where LEA level data was not available from the Department of Commerce.

It should also be pointed out that this language appears to underscore the concept that "satisfactory data" as used in section 103(a)(2) means satisfactory data from the Department of Commerce (in the case of the poverty count). In order for the Commissioner to be able to determine grants on an LEA level basis, he must have such data. It is not sufficient in our view to take figures which a State furnishes as its estimate of where census count children reside in terms of LEAs; the LEA data must come from the Department of Commerce if it is to be the basis of determinations by the Commissioner.

C. Pennsylvania (along with a number of other States with LEAs covering a number of counties) asserts that it is impossible to compute Title I allocations in accordance with the method prescribed in section 103(a)(2) and sections 116.4 and 116.6 of the current regulations (45 CFR 116.4, 116.6) because of the existence of numerous school districts which cross a number of county lines, and that it cannot, without excessive computational exercises, assign portions of a county grant to school districts or parts thereof in a county. Pennsylvania indicates that a great deal of time and expense would be required to determine individual Title I allocations to individual local educational agencies if the county method must be followed.

The Commissioner is without authority to justify a departure from the statute on the basis of these considerations, however sympathetic a case for relief they may establish. We note that the Cranston Amendment (20 U.S.C. 1231(c)(2)(B)) provides a strict limitation against the allocation of any funds "by any method different from that specified in the law authorizing the appropriation" and thus severely limits whatever flexibility the Commissioner might otherwise possess in this sensitive area.

IV.

Under these circumstances, we cannot say that the Pennsylvania method is authorized by the Title I statute or clearly consistent with it. On the other hand, we recognize that with respect to the application of the LEA floor provisions in the Act the Pennsylvania method may achieve results that may be more in keeping with the objectives of the conference committee on P.L. 93-380 than that obtained under the current method of distribution. At the heart of the problem are the internal inconsistencies in the statute itself (compare § 103(a)(2) which speaks in terms of "county" grants and § 144 which provides an 85 percent "floor" on an LEA basis). 9/ It would appear that in view of the uncertainty and confusion regarding this matter, the best avenue for resolution lies in a technical or other amendment to the legislation. Absent such an amendment, the Pennsylvania method cannot be given approval and the program in general remains subject to confusion and uncertainty, as well as possible litigation. If the matter does come before the Congress through the submission of a technical or other amendment to the law then, in view of all the circumstances (including the practical difficulties which States appear to be encountering in administering the statute and the urgent need to provide funds for disadvantaged children this school year) we would think that the Commissioner could appropriately determine to withhold any enforcement action with respect to States employing the proposed alternative method described above at least until the Congress had had an ample opportunity to consider the matter, thus preserving congressional options .10/

FOOTNOTES

1/ Census data is needed because the count includes children from families below a certain income level which can be determined only on the basis of the census count.

2/ P.L. 93-192, the FY 1974 appropriation measure, guaranteed each LEA 90% of its FY 1973 grant; § 144 of Title I, as amended by P.L. 93-380, provides an 85% guarantee or floor.

3/ Eighty-five of Pennsylvania's 505 LEAs are located in more than two counties. See "Selected School District Organization Facts" contained in material submitted by Pennsylvania.

4/ Pennsylvania has submitted a study based on an eight-county sector in the State (in which both the current method and the Pennsylvania proposed method of computation are used) which it contends demonstrates the validity of its contention but which shows that substantial differences in results under the two methods as between local educational agencies are produced. (Material from State of Pennsylvania, dated September 12, 1974.)

5/ This memorandum does not address questions which may relate to what adjustments, if any, may be required with respect to prior fiscal years as a result of other methods of distribution which may have been employed by Pennsylvania.

6/ Section 144 provides in part:

> If the sums appropriated for any fiscal year for making the payments provided in this title are not sufficient to pay in full the total amounts which all local and State educational agencies are entitled to receive under this title for such year, the amount available for each grant to a State agency eligible for a grant under Section 121, 122, or 123 shall be equal to the total amount of the grant as computed under each such section. If the remainder of such sums available after the application of the preceding sentence is not sufficient to pay in full the total

> amounts which all local educational agencies are entitled to receive under part A of this title for such year, the allocations to such agencies and allocations under part B shall, subject to adjustments under the next sentence, be ratably reduced to the extent necessary to bring the aggregate of such allocations within the limits of the amount so appropriated, except that entitlements under such part B shall be taken into consideration only to the extent that appropriations for such title I (excluding part C thereof) exceed $1,396,975,000 for any fiscal year and such entitlements shall not exceed $50,000,000 in any fiscal year. The allocation of a local educational agency which would be reduced under the preceding sentence to less than 85 per centum of its allocation under part A for the preceding fiscal year, shall be increased to such amount, the total of the increases thereby required being derived by proportionately reducing the allocations of the remaining local educational agencies, under the preceding sentence, but with such adjustments as may be necessary to prevent the allocation to any remaining local educational agency from being thereby reduced to less than 85 per centum of its allocation for such year,

7/ Section 103(a)(2) as in effect prior to the amendment made by P.L 93-380 reads in pertinent part as follows:

> In any case in which the Commissioner determines that satisfactory data for that purpose are available, the maximum grant which a local educational agency in a State shall be eligible to receive under this part for any fiscal year shall be (except as provided in paragraph (3)) an amount equal to the Federal percentage (established pursuant to subsection(c)) of the average per pupil expenditure in that State or, if greater, in the United States multiplied by the number of children in the school district of such agency who are aged five to seventeen, inclusive, and are (A) in families having an annual income of less than the low-income factor (established pursuant

> to subsection (c)), (B) in families receiving an annual income in excess of the low-income factor (established pursuant to subsection (c)) from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act, or (C) living in institutions for neglected or delinquent children (other than such institutions operated by the United States) but not counted pursuant to paragraph (7) of this subsection for the purpose of a grant to a State agency, or being supported in foster homes with public funds. In any other case, the maximum grant for any local educational agency in a State shall be determined on the basis of the aggregate maximum amount of such grants for all such agencies in the county or counties in which the school district of the particular agency is located, which aggregate maximum amount shall be equal to the Federal percentage of such per pupil expenditure multiplied by the number of children of such ages in such county or counties who are described in clauses (A), (B), or (C) of the previous sentence, and shall be allocated among those agencies upon such equitable basis as may be determined by the State educational agency in accordance with basic criteria prescribed by the Commissioner.

Section 103(a)(2) as amended by P.L. 93-380 reads as follows:

> In any case in which the Commissioner determines that satisfactory data for that purpose are available, the grant which a local educational agency in a State shall be eligible to receive under this subpart for a fiscal year shall . . . be determined by multiplying the number of children counted under subsection (c) by 40 per centum of the amount determined under the next sentence. The amount determined under this sentence shall be the average per pupil expenditure

> in the State except that (A) if the average per pupil expenditure in the State is less than 80 per centum of the average per pupil expenditure in the United States, such amount shall be 80 per centum of the average per pupil expenditure in the United States, or (B) if the average per pupil expenditure in the State is more than 120 per centum of the average per pupil expenditure in the United States, such amount shall be 120 per centum of the average per pupil expenditure in the United States. In any case in which such data are not available . . . the grant for any local educational agency in a State shall be determined on the basis of the aggregate amount of such grants for all such agencies in the county or counties in which the school district of the particular agency is located, which aggregate amount shall be equal to the aggregate amount determined under the two preceding sentences for such county or counties, and shall be allocated among those agencies upon such equitable basis as may be determined by the State educational agency in accordance with basic criteria prescribed by the Commissioner.

8/ That the allocation down to the county level approach was deliberate and well considered by the Congress is evidenced by the following passage from the Senate Report on P.L. 89-10, containing the original version of Title I (Sen.Rept. No. 146, 89th Cong. 1st Sess. 6, 7 (1965)):

> It should be observed that this is the only Federal education formula which would enable an allocation to the county level or lower on the basis of data uniformly obtained throughout the United States by the Bureau of Census. Thus, the Congress can be assured that the Federal funds provided will be directed to the specific localities where the problems covered by title I are concentrated. The committee has considered various types of formulas and has given careful attention to all suggestions concerning substitutes and modifications. All of those which have been suggested to date have either contrasted sharply with the basic philosophy of the

legislation or would result in inequity. None of the substitutes or modifications would deal as effectively with the problems as does the formula now contained in the legislation.

9/ Because section 103(a)(2) speaks in terms of county grants while section 144 contains an 85 percent hold harmless at the local educational agency level, it has been suggested that the only method for distribution which will comport with all the statutory requirements (in the absence of satisfactory LEA level data) would involve the following steps: (1) the Commissioner would determine maximum grants on a county basis; inform the SEAs of such grants, and require each SEA to inform him, within a fixed period, of maximum grants on an LEA basis resulting from the SEAs suballocation of the county amounts under section 103(a)(2) of the Act and section 116.4 of the regulation; (2) the Commissioner, after receiving all this information from all of the States would prorate the LEA grants in accordance with section 144 (based on the amount of funds available), including bringing all LEA grants below the 85 percent floor up to the 85 percent floor through a proportional reduction of all other LEA grants in the Nation; he would then submit these amounts to the SEAs as the final section 103(a)(2) allocations.

Knowledgeable program officials have advised that this method (even if authorized) would be impracticable and would preclude the determination of LEA grants prior to the end of the fiscal year for which funds are appropriated (thus jeopardizing proper obligation of the funds). Moreover, in view of these practical considerations, we question how such method would harmonize with the congressional concern to permit early planning by LEAs through the advance funding mechanism. See section 802 of P.L. 93-380. If allocations to LEAs were seriously delayed, the rationale of advance funding would appear to be defeated.

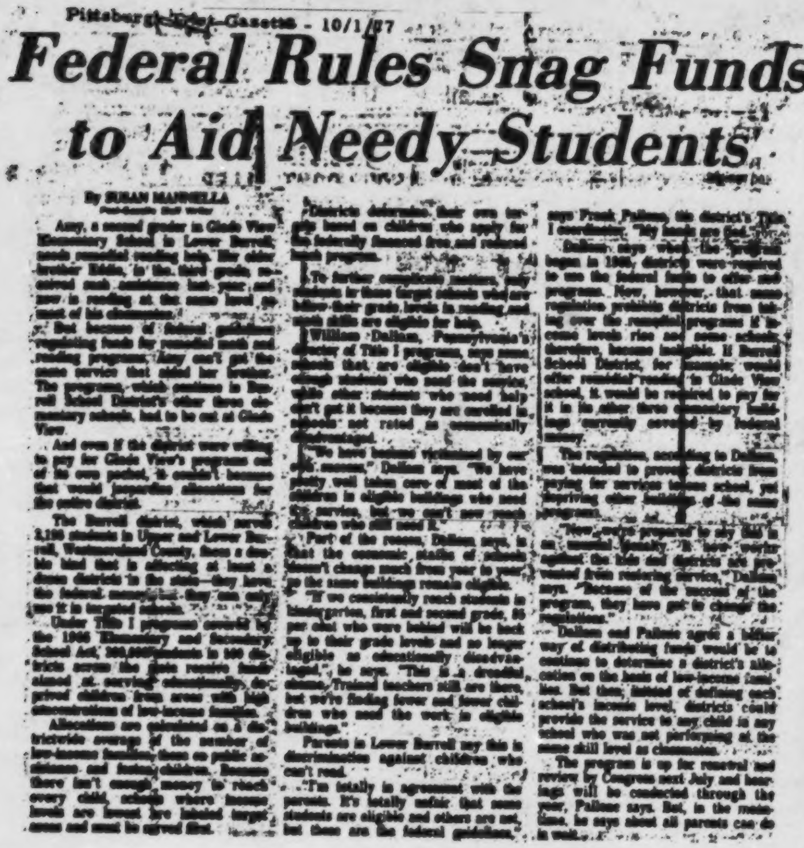
In any event, there is serious question as to whether Congress really intended to require use of the above-described method. Section 103(a)(2), as read with § 103(c)(2)(A), contemplates that the Commissioner will make his determinations under that section independent of State agency information.

State agency determinations enter the picture only after the Commissioner has completed his part of the process by computing grants on a county basis. If it were intended that the Commissioner must defer his determinations until after he had received information from all States in the Nation, it would seem to us that Congress would have specified this process and established machinery for State cooperation with it. (What happens if a State cannot provide the information in time; are its LEAs not included in the allocation?) It must be remembered that determination of allocations under sections 103 and 144 requires that information be received for all LEAs in the Nation. This is because proration depends upon a comparison of the amount needed to satisfy each LEA's "entitlement" with the amount of the appropriation. Surely, if Congress clearly desired to establish an exclusive method for computation of LEA allocations that depended on the States supplying information for 16,000 LEAs within a tight time frame, it would have so specified.

It should also be pointed out that the above-described method depends as much upon the ability of States to suballocate county amounts among LEAs which lie in several counties as does the current OE method and that the difficulty which States inform OE they are encountering on this score would be an impediment under the above-described methods and the method followed by OE. Indeed, under the above-described method the difficulties in subcounty allocation would have an even greater impact because the entire Nation would have to await the results of such suballocation in order to permit the Commissioner to complete his calculations.

10/ Moreover, we would think that under all the circumstances the results of any immediate enforcement action would be difficult to predict. For example, we would imagine that if conformity proceedings under section 146 were brought against a State for using the method proposed by Pennsylvania, an Administrative Law Judge might well hesitate to read Pennsylvania and its school children entirely out of the program even if he conceded that Pennsylvania's allocation process was in technical violation of the law. The ALJ might well reason that, given the confusion and internal inconsistency in the statute, as well as the immense complexity of the formula and the complications of computing it, the violation did not warrant foreclosing all Title I funds to countless educationally deprived children in the State.

APPENDIX D



Pittsburgh Post-Gazette - 10/1/87

Federal Rules Snag Funds to Aid Needy Students

By SUSAN MANNELLA
Post-Gazette Staff Writer

Amy, a second grader in Glade View Elementary School in Lower Burrell, needs remedial reading help. Her older brother Eddie, in the third grade, received such assistance last year and now is reading at the same level as most of his classmates.

But because of federal guidelines regulating funds for remedial math and reading programs, Amy can't get the same service that aided her brother. The program, which continues in Burrell School District's other three elementary schools, had to be cut at Glade View.

And even if the district were willing to pay for Glade View's program out of its own pocket, it couldn't because that would jeopardize allocations for the entire district.

The Burrell district, which serves 2,100 students in Upper and Lower Burrell, Westmoreland County, faces a double bind that is affecting at least a dozen districts in the state—they have the federal money but they can only use it in targeted schools.

Under Title I programs created by the 1965 Elementary and Secondary School Act, 200,000 students in 500 districts across the state receive funds aimed at serving educationally deprived children from areas with high concentrations of low-income families.

Allocations are calculated on a districtwide average of the number of low-income families, those on public assistance and foster children. Because there isn't enough money to reach every child, schools where income levels are lowest are labeled target areas and must be served first.

Districts determine their own targets based on children who apply for the federally financed free and reduced lunch program.

To further complicate matters, only students in those target schools who are below their grade levels in reading and math skills are eligible for help.

William Dallam, Pennsylvania's director of Title I programs, says some schools that are eligible don't have enough students who need the service, while other students who need help don't get it because they are enrolled in schools not rated as economically disadvantaged.

"We have become victimized by our own success," Dallam says. "We have pretty well taken care of most of the children in eligible buildings who need the service, but we can't now reach children who still need it."

Part of the reason, Dallam says, is that the economic status of schools doesn't change much from year to year, so the same buildings remain eligible.

"If we consistently reach students in kindergarten, first and second grade, 85 per cent who were behind will be back up to their grade levels and no longer eligible as educationally disadvantaged," he says. "This is a dreadful shame. Trained teachers still are there, but we're finding fewer and fewer children who need the work in eligible buildings."

Parents in Lower Burrell say this is discrimination against children who can't read.

"I'm totally in agreement with the parents. It's totally unfair that some students are eligible and others are not, but those are the federal guidelines," says Frank Pallone, the district's Title I coordinator. "My hands are tied."

Dallam says when the program began in 1965, districts were required to use the federal funds to offer such programs. Now, however, that same regulation prohibits districts from taking over the remedial programs if income levels rise and some schools, therefore, become ineligible. If Burrell School District, for example, would offer remedial reading in Glade View school, it would be required to pay for it in its other three elementary buildings currently covered by federal money.

The regulation, according to Dallam, was intended to prevent districts from paying for services in one school, yet depriving other buildings of the same program.

"Now we're prepared to say this is an unusual penalty. It now works against the kids and districts are prevented from rendering service," Dallam says. "Because of the success of the program, they have got to change the regulations."

Dallam and Pallone agree a better way of distributing funds would be to continue to determine a district's allocation on the basis of low-income families. But then, instead of defining each school's income level, districts could provide the service to any child in any school who was not performing at the same skill level as classmates.

The program is up for renewal and review by Congress next July and hearings will be conducted through the year, Pallone says. But, in the meantime, he says about all parents can do is wait.

APPENDIX D

Burrell School District

HARLES A. HUSTON
SUPERINTENDENT
OFFICE: [illegible]
HOME: [illegible]

OFFICES
PUCKETY CHURCH ROAD
LOWER BURRELL, PA. 15068

ADMINISTRATIVE ASSISTANTS
FRANK B. PALLONE, [illegible]
FEDERAL COORDINATOR
SPECIAL SERVICES
FRANK L. SHAFFER, [illegible]
CURRICULUM
TRANSPORTATION
CHARLES W. SMITH, [illegible]
BOARD SECRETARY
BUSINESS MANAGER

September 22, 1977

William M. Dallam
Division Chief
Division of Compensatory Programs
Bureau of Special and Compensatory Education
Box 911
Harrisburg, Pennsylvania

Dear Mr. Dallam:

I would like to recommend to you for future consideration that the Title I services be made available to the most educationally disadvantaged students in a school district rather than to have these services limited to only those children in the target area schools.

As you are probably well aware, a serious problem is created at the time a school no longer qualifies as a target area. These services are discontinued to that particular school, and the local district cannot provide the same services without causing Title I to be supplanting rather than supplementing local effort.

The above recommendation would eliminate this problem and provide Title I services equitably over the total district.

Your kind consideration to this recommendation would be greatly appreciated.

Sincerely,

Frank B. Pallone

Frank B. Pallone
Administrative Assistant

FBP:abr

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SEP 2 , 1977
ESEA - TITLE I

Mr. **Kildee**. Thank you very much, Ms. Kline, for your excellent testimony.

As I understand your position, you would have the formula remain basically the same, that is based upon poverty rather then the Quie proposal, but you would change the target school eligible ability requirement; am I correct?

Ms. **Kline**. Yes.

Mr. **Kildee**. Would you have the State education agency or the local education agency then determine the distribution of those dollars if you remove the target school eligibility requirement.

Ms. **Kline**. We would still have the State do it.

Mr. **Kildee**. Does the Commonwealth of Pennsylvania have its own compensatory education program?

Ms. **Kline**. We do not have a compensatory education program at this time. We are deeply involved in talking about how we can bring this about.

Mr. **Kildee**. If you were to have one at the State level, would you recommend to the Legislature of the Commonwealth that they also have a formula based on poverty rather than testing?

Ms. **Kline**. I think we would, Mr. Chairman. We are exceedingly concerned about using testing as the basis for awarding funds.

Mr. **Kildee**. Have you had any experience as to how the distribution might change if we were to go from a change from poverty to say educational deprivation not based upon poverty?

Ms. **Kline**. I am going to ask Ms. Schwartz if she will answer that. I think I am right, it would be a third, but I don't want to say that unless I am sure.

Ms. **Schwartz**. We would lose approximately one-third of the funds if we switched to test based funding, and we are primarily afraid of the fraud issue. When funding is tied to test scores, the incentive to juggle is overwhelming.

Mr. **Kildee**. Do you think greater objectivity can be found on dtermining poverty than on testing?

Ms. **Schwartz**. Yes. It's done also at a different level. The poverty figures are reported nationally and they would come in and the State would report them, and the school district is not reporting those figures directly tied to the funding.

Ms. **Kline**. There have been examples of adjusting test scores.

Ms. **Schwartz**. Unfortunately in Harrisburg.

Mr. **Kildee**. What would we do to people who adjusted test scores? You don't have to respond to that. You can speculate, however. It would seem to me that adjusting test scores to secure dollars would be felonious, would it not? Although it is possible, that that could happen. In the State of Michigan, before I arrived in the Legislature 13 years ago, we did have some of our State superintendents come in contact with our penal institutions system for padding the rolls of enrollment. They created some people, and sent those numbers into the State department and were given dollars.

Now, I will ask the Majority counsel if he has any questions?

Mr. **Jennings**. I just would like to ask you a little bit more about Philadelphia.

Ms. **Kline**. That is a bad thing to ask these days.

Mr. **JENNINGS**. Could you tell me the present status of the situation in Philadelphia with title I funds? If I remember correctly, that school district was audited and it was alleged that they had misspent quite a bit of Title I funds violating comparability, supplanting and some of the other provisions in title I, and then I believe there was a lawsuit, and the court appointed a three-member panel headed by Norman Drachler, which, in effect, was made the operating agency for the title I program in Philadelphia. Then what happened?

Ms. **KLINE**. I am somewhat familiar with the issue. It was $26 million. Our chief counsel has been down here dealing with the case. We seem to be coming along very well, but I am going to ask Ms. Schwartz or Bill if you are more up to date on this than I am?

Mr. **DALLAM**. At present, the City of Philadelphia and the school district of Philadelphia has submitted new data and we are still in what the lawyers call pre-hearing conferences, and we believe that the U.S. Office of Education will send its own auditors in to check the data for the year.

We now believe that the school district of Philadelphia was, in fact, comparable for that particular year when you used data for that year. The penalty was exceedingly heavy.

Ms. **SCHWARTZ**. One of the issues our counsel is raising and we raised in the section on audits in our written testimony is, whether, in fact, OE has the power under the current law to ask for a return of any funds. The current law talks about witholding of funds. It does not in any way address return of funds already expended.

Ms. **KLINE**. And I think another issue here is that this is not considered until several years after the incident has happened, and this is most unfair. In Philadelphia today we would be be in a sorry situation, as would we at the State level, if we had to come up with $26 million, Pennsylvania being in the situation it is, and Philadelphia.

Mr. **JENNINGS**. So as of this moment, then, the administration of the title I program has been returned to the school district in Philadelphia, and you believe that they are in the process of negotiating differences on whether they were out of comparability or not.

Ms. **KLINE**. Patricia Donovan, my chief counsel, is working very closely with them, and it seems to be coming along very well.

Mr. **JENNINGS**. Based on that experience, could I ask you a question about the role of the States? I know the Philadelphia situation is an uncomfortable situation, but it does raise the issue about what the role of the State education agency ought to be in the title I program.

As you know, now a State education agency does have the authority to approve or disapprove a local school district's application. Yet, it seems that if the auditors come along and, in fact, find that a local school district has been in violation of the Federal law, even if their application has been approved by the State and the program on a local level has been supervised by the State, it's the local school district which must pay back the money, and it's not the State.

In effect, the State, even though it has approved the program and had to supervise the local program, is not penalized in any way for its approval or supervision of something that is subsequently found to be illegal.

Do you see there should be any change in that situation so the State in some way has to participate in what happens with the local school district when there is an audit exception?

Ms. **Kline**. Let me say that the State, Dr. Frank Manchester, who is my Commissioner of Basic Education, all of the people that deal with these kinds of programs at the local level are paying very close attention. They are monitoring as they have never been monitored before. I think you will find that States, having had this kind of experience, are doing a far better job of looking into it, and we have people going back and forth to our local districts very frequently.

Joan, do you have anything, or Bill, do you have any comment you would like to make?

Mr. **Dallam**. I think counsel may be referring to contract assurances issued by the State of Pennsylvania, in which we have recently enunciated once again to the school district that we will stand responsibility for the programs, but it should be made quite clear that where there have been errors, serious errors, committed by the school district, unknown to us, then we would ultimately expect them to bear responsibility. However, the Federal law means, the Federal Government goes against the State of Pennsylvania first.

Mr. **Jennings**. But, as I understand it, the $26 million which was initially talked about as being the amount which would have to be paid back, was Philadelphia's allocation in title I. And that Philadelphia would lose the money; it wouldn't be the State of Pennsylvania spreading that loss among many different school districts.

Mr. **Dallam**. That is not correct.

Mr. **Jennings**. It is not correct?

Mr. **Dallam**. That action is against the State of Pennsyvlania.

Mr. **Jennings**. Would that mean, if, in fact, you did have to return that $26 million, that you would spread the loss among all school districts in the State of Pennsylvania?

Mr. **Dallam**. I do not believe so. Our chief counsel advises us that in the ultimate case, if the Legislature refused to appropriate the money and the sources were not available from the State level, ultimately they would have to go against the school district.

Mr. **Jennings**. So, as a result then you are saying regardless of what happens in the meantime, it's Philadelphia that would lose the money, not all school districts in the State?

Mr. **Dallam**. Yes.

Mr. **Jennings**. Let me come back to the original question: What should the role of the State be when the State has approved local school applications and the State is supposed to have supervised the local school applications, and then when there is a misspending of money under an approved application and supervised program, it is still the school district that is gone against, not the State? It's like the State is a third party unaffected by any penalty.

Ms. **Kline**. As I said a few moment ago, we have changed our behavior pattern, and we are now exercising a very close check and watch on our local districts, and we are going back and forth to them. It's quite a different situation than it was. This was a rude awakening, I fear, for the State Department of Education. We have been down to Philadelphia many, many times, and we go out to the other districts. I think our whole attitude is very good.

Mr. JENNINGS. Could I ask about the reappropriation legislation in Pennsylvania?

I understand that a number of States now have passed legislation based on following Pennsylvania's example.

Ms. KLINE. I am sorry about that.

Mr. JENNINGS. Where the State Legislature is saying they have the right to reappropriate Federal money, including Federal money, and as I understand it, the Governor has directed the Attorney General to sue on the constitutionality of that law.

Ms. KLINE. That is right.

Mr. JENNINGS. Where is that court case now in Pennsylvania?

Ms. SCHWARTZ. On appeal. We lost in the lower court.

Mr. JENNINGS. So the law was upheld as constitutional in the lower court?

Ms. SCHWARTZ. That is right.

Mr. JENNINGS. In the State court system or the Federal court system?

Ms. SCHWARTZ. The Commonwealth Court.

Ms. JENNINGS. Now on appeal to the Commonwealth Court of Appeals.

Ms. SCHWARTZ. Yes.

Mr. JENNINGS. Could I ask another question, with Mr. Kildee's indulgence?

Mr. KILDEE. Of course, Mr. Jennings.

Mr. JENNINGS. A number of witnesses have testified that sometimes the same child on a local level can be the person who brings in a number of dollars to a local school district, and sometimes, or at least some people have said in certain areas of the country, one child is bringing in so many dollars that theoretically that child could be taken out of the school all day for supplemental programs, such as a child in need of bilingual education in the Valley in Texas, who would be counted for title I purposes, counted for possibly Emergency School Aid Act purposes, and counted possibly for money under the Bilingual Education Act.

Some people have suggested that the school district at least be given the authority to somehow be able to blend all of these Federal programs together into one compensatory education effort, in a local school district, so that they could have more flexibility to deal with not only the one child who may be generating the money, but also other children in the school district who may not be strictly counted for one or the other of these purposes, but who may nonetheless be in need of some aid.

Do you have any ideas on how the Federal moneys could be brought together a little bit better at the local level to come up with a coordinated compensatory education program?

Ms. KLINE. Bill, I am going to ask you to answer that. I have been there 6 months, and I am not quite sure of all of the things that have happened.

Mr. **Dallam**. This is a proposition that sometimes goes under the heading of general aid. In Pennsylvania it costs on the average of a little over $1,200 to educate a child. Our present concentration of title I is about $300 on the average across the State. So, if you add that extra money, that is suitable in the smaller districts to enable us to handle those categorically identified children. But, if we bow to the pressure from some school districts that would say give us the Federal money and allow us to use this additional super-child to generally help the education of children, I am very, very much afraid that we will end up not helping those individual children.

Our experience has been over the last 3 or 4 years, with a very tightly monitored program, with teachers with Masters degrees, the best materials and pullout programs, we can make significant educational gains for those children and bring them up to grade level. But if we permit school districts to argue the case for general aid and merely give them the money, particularly in larger districts, there will be no significant effects. We noticed that from the years 1965 to the year 1970. Almost nothing happened.

Mr. **Jennings**. Thank you.

The last question I would like to ask would be concerning your recommendation that the State have more authority to allocate title I funds directly to local school districts instead of having to take a county allocation and then reallocate within county to local school districts.

I understand that the State of Pennsylvania, and I guess the State of Iowa, have both been doing this anyway, directly allocating funds to local school districts instead of using county allocations; is that correct?

Ms. **Schwartz**. No.

Ms. **Kline**. I don't believe that is true.

Ms. **Schwartz**. That is not correct.

Mr. **Jennings**. You take a county allocation and allocate those funds within county?

Ms. **Schwartz**. Yes, we have created 97 artificial segments or school districts because of the county allocation problem. We are allocating by county, but what we have to do, for exmaple, one of our school districts crosses four counties, so we have to break it down, and in each of the counties there is a different per pupil amount, because of the hold harmless provision, and it is causing all kinds of excessive computations at the State level and all kinds of problems and basic inequity because some children are worth $258, some children are worth $256. So, we are following the law, but we are suggesting in our testimony that the law be changed for States like Pennsylvania.

Mr. **Jennings**. Okay. If the law were to be changed, what data would you use to distribute money to local school districts within the State of Pennsylvania?

Ms. **Schwartz**. We would use the same formula factors, only coming from the State to the school district level, and then within the school district we would use the test based location of most educationally disadvantaged children.

Mr. **Jennings**. I am not talking about within the school districts, just talking to the school district level, you would use the same factors.

Mr. **Dallam**. We would use the same formula factors that bring the money to the State and then we would divide the total number of eligible children into that grant, and ensure that every child in Pennsylvania who was to be a participant would be backed up by the same amount of money to the school district.

For example, this last year had we been able to do that every child participating in title I, that district would have gotten I think $268.

Mr. **Jennings**. So the only thing you would do then would be to eliminate the middle step of going to the county?

Ms. **Kline**. Yes.

Mr. **Jennings**. So you would go directly to the local school district. Do you believe there should be some type of appeal procedure so that a local school district which felt aggrieved with the State's action could appeal and say that it should by rights receive more under the formula?

Mr. **Dallam**. There currently exists in the law now, and in the time period before the State reports to the Federal Government, an opportunity to the local school district to appeal to the State, because we give them a tentative printout of what their allocation may be, and there is a sufficient time for them, of several months for them to respond and let us know whether they feel that that is fair or not, particularly when we are dealing with the Census count and the AFDC count. Those provisions and those time periods currently exist.

Mr. **Jennings**. Yes. That is saying that somebody can appeal to somebody who has made the decision, and ask about its fairness. Do you believe that right of appeal should be extended to another person such as a Commissioner of Education or somebody else?

Mr. **Dallam**. I don't think we would have any problem with that at all.

Mr. **Jennings**. All right. Thank you, Mr. Kildee.

Mr. **Kildee**. The Chair recognizes the Minority counsel, Mr. Cross.

Mr. **Cross**. Thank you, Mr. Kildee.

Ms. Kline, I would like to ask about your statement that Pennsylvania would lose one-third of its funds if you used achievement. I have before me the NIE study on achievement allocation which was completed and sent to the Congress about five weeks ago.

Ms. **Kline**. I haven't seen it; I am sorry.

Mr. **Cross**. Under it it shows Pennsylvania would actually gain 7 percent.

Ms. **Kline**. Joan, you are responsible for the figures. Would you or Bill like to answer that? I haven't seen that document, I am sorry to say.

Mr. **Dallam**. NIE has caused its studies to be contracted out to various organizations. Our survey was school district by school district, child by child in 1974, when Representative Quie's plan first became known. We immediately took a survey in the State of Pennsylvania that year to see what the effect would be. What we discovered was the number of economically disadvantaged children far exceeded the number of children who, in fact, were officially educationally disadvantaged, and if we went to a test based fundi program we would lose approximately one-third of our funds.

Mr. Cross. I think there are several problems with that. One you don't know what the cutoff point is. You also don't kno anything about the other 49 States since you have to compare t Pennsylvania share to the total for the country to figure out t Pennsylvania share. The NIE study shows in 1970 Pennsylvani had, 5.57 percent of all of the 5 to 17 year olds in the countr According to the 1970 census Pennsylvania had 3.96 percent of Tit I formula children and that using achievement allocation, based the NIE study Pennsylvania would actually have 4.26 percent of a of the eligibles in the country.

I would encourage you to take a look at this document, and think about whether you might want to respond, particularly wit respect to your statement that the State would lose one-third.

I also noticed in your statement that you say that if you use th AFDC and school lunch benefit rolls that two out of every thre educationally deprived children are on one of those two rolls. Di you also do an analysis using only the definition of eligibility that in title I? The reason I ask that is because the school lunch benef eligibility is 95 percent greater than the eligibility for title therefore, to use that comparison with comparing it to title I reall is an artificial measure, and doesn't really tell you anything abou who is eligible under the title I definition.

Mr. Dallam. Mr. Cross, I can answer that directly, because th again comes from our study. We asked our school districts wh specifically identify their children who are in title I also to identi specifically every child who appears on any of the official indicato of poverty that they use to determine the eligibility of buildings i their particular districts, so we are not using predictions, we wer not using extrapolations, we are using actual, hard factual dat

Mr. Cross. You misunderstand. The eligibility for title I is base in terms of the formula based on being below the Orshansky inde in the 1970 Census. The eligibles for reduced priced and fre lunches are 195 percent of current Orshansky level; so you ar talking about a difference of about $6,000 in family income betwee somebody qualifying to be counted in the 1970 Census and som body qualifying to receive a free or reduced priced lunch at th current time.

So my question is, did you ask in terms of the eligibility as defined in title I or only the eligibility as defined under scho lunch and welfare?

Mr. Dallam. We asked that quesiton in terms of the eligibility fo title I in that given year. You see——

Mr. Cross. The problem I think we are getting into——

Mr. Dallam. I think we are misunderstanding each other.

Mr. Cross. Yes. Title I, in terms of the national distribution funds, relates it only to AFDC rolls, and that is only the facto above Orshansky, and then the count of children below Orshansk in the Census. What you are referring to, I think, is the fact th regulations say at the local level when you are distributing mone among buildings you can use free and reduced price lunches as measure. That is only a convenience, because you don't have tha

Orshansky information that is valid to the school building level, so we are talking about two different measures. However, the Title I law only recognizes the Orshansky index in 1970. It is the regulations which permit you the use of free and reduced priced lunches for distribution within the LEA, and, again, within counties to the extent that you use that.

Did your survey also determine how many poor children and what percentage of poor children you were reaching with title I?

Mr. DALLAM. No.

Mr. CROSS. Did it determine what percentage of low achieving children you are reaching with title I?

Mr. DALLAM. Yes.

Mr. CROSS. What percentage was that?

Mr. DALLAM. Two out of every three.

Mr. CROSS. According again to that definition?

Mr. DALLAM. Yes.

Mr. CROSS. Was that just in Title I schools, not in the whole district?

Mr. DALLAM. Title I schools only.

Mr. CROSS. You didn't ask in the district as a whole?

Mr. DALLAM. No. We were trying to find out what would be the effect on our title I program with our participants of that actual year.

Mr. CROSS. We have had several witnesses suggest that there should be created a statewide Title I parents advisory committee, and I wonder if you care to respond to that and how you would feel about creating such a committee in law?

Ms. KLINE. I would feel very good about it. Again, I have to say to you I am a novice in this, and perhaps I ought to ask you, Dr. Dallam, you have worked with it many years, how you would feel about it?

Mr. DALLAM. This is a mixed bag. The State of Pennsylvania has 500 school districts, well over 225 of those districts receive slightly above $60,000 in title I. There are a few large districts. We would not find it at all profitable for the children to create a statewide parent advisory council. Our previous experience has been when we tried it on a tentative basis these councils tend to be dominated by the large districts. They have sufficient time and funds, and recruitment abilities with their title I program to send parents to conferences.

The smaller districts do not. They spend all of their money exactly on programs, they are not able to support their parents in an effort to be viable in a statewide organization. We have found that the interests of the smaller districts, and we are dominated by smaller districts in Pennsylvania, to be very, very different from the interests of the larger districts. For that I would think that a concept such as you are speaking of would be very viable in a State like Delaware where there are very few districts or a State like Virginia where the school districts are organized on a county basis, and where it's an easy matter.

Therefore, I would suggest the States be given the right under an option, if they would elect to have a statewide council. We think it has not proved to be practical in Pennsylvania. We are overcoming that by having our parent council meetings on a regional basis. We have organized and trained and worked with parents on a regional basis, so that they would go back and they are getting information from the State in rather small groups, 50, 60 districts at a time. We think that is a much more viable solution for us.

Mr. CROSS. While we are on parent advisory councils, we also heard the Office of Education testify, I believe it was back in July or August, that because of the combination of State and Federal law and regulations you could have as many as 6 or 7 parent advisory councils in a single district. Has it been your experience that this is the case, and the proliferation of parent advisory councils is a problem?

Mr. DALLAM. Are you referring to title I, Counsel?

Mr. CROSS. No. Title I, plus councils mandated by other Federal laws and State laws.

Ms. SCHWARTZ. We would agree with that, Chris. There are several. Title IV, right to read, and some of the others have advisory councils.

Mr. CROSS. Have you given any thought to any way to handle that, any recommendations to the committee on what might be done to promote cooperation in any way?

Ms. KLINE. Insofar as I know, Counsel, there has been no effort to cut down parent participation on advisory councils. As a matter of fact, since I have been there, this is since April, we have striven to get as much cooperation in participation by citizens groups. We feel that one of the problems that we have in Pennsylvania today is that education has become somewhat removed from the citizens, and we are trying, every way we can, to get more citizen participation.

Mr. CROSS. I wonder if I might also ask you for the record to take a look at the bill Mrs. Chisholm introduced last week, H.R. 9668, which speaks to parental participation, audits, and some other factors, and to respond, if you would like to, in terms of your recommendations with respect to that legislation. That is rather new, and I am sure you haven't had a chance to see it yet.

Your statement mentions your concern for continuing Part B of title I, which is special incentives grants.

Mr. DALLAM. Part C.

Mr. CROSS. You didn't mention the old Part C, which several witnesses have suggested restoring. Have you given thought to that, and how do you feel about it if you have?

Ms. KLINE. I know we have talked about this, and decided that is not what we wanted. Would you talk to that?

Ms. SCHWARTZ. Chris, we do suggest a new Part C, not setting up the old one again, but a new Part C to help the urban areas. We don't have specific suggestions for how that would be done. Possibly using the AFDC count or some other measure.

Mr. CROSS. Not heavily impacted rural areas as well?

Ms. SCHWARTZ. That is Part B; we suggest you continue B, but we——

Mr. CROSS. No, B is for State effort.

Ms. SCHWARTZ. Special incentive grants is B. But we are also suggesting that the urban areas—we have real problems, be a new Part C .

Mr. **Cross**. What do you do with Part B money?

Ms. **Schwartz**. Thirty-five shcool districts in Pennsylvania are using that money.

Mr. **Dallam**. About 35 districts in Pennsylvania are eligible for this grant, and we use it to promote innovative ways of teaching the basic skills in title I in those eligible districts.

Mr. **Cross**. Thirty-five districts out of how many in the State?

Mr. **Dallam**. Out of 500.

Mr. **Cross**. Two final questions:

Another issue that we have heard raised, I think for the first time three or four weeks ago, was the problem of when you pull a child out of the class room, what they are missing in terms of the regular program. The issue is, if you pull a child out for a Title I reading program, are they missing the regular reading program, and doesn't, in fact, title I become a supplanting of the regular reading program for that child?

Is that the case in Pennsylvania, or do you do anything to prevent that from happening?

Ms. **Schwartz**. We are concerned in Pennsylvania that the children learn to read and count, and if they can't read whatever the regular subject matter is they are not doing well. So we strongly favor, in our written testimony particularly, pullout instruction. We feel that is necessary.

Mr. **Cross**. I notice that in your statement. But the question is what are they missing when they are pulled out?

Mr. **Dallam**. In the State of Pennsylvania we do not permit the children to be pulled out of their regular reading and math programs. They get those programs in addition to that. So instead of five periods a week, the children in Pennsylvania, at a minimum, are getting eight periods a week.

Mr. **Cross**. Fine. Thank you. That is what I was looking for.

One final question:

You really don't say, other than using continuing to use a formula that is in the law now, whether you mean we should continue using the 1970 Census information until 1982 or so. We have done the Survey of Income and Education, which you may have seen, and under that Pennsylvania would gain 11 percent. Which do you prefer, to stay with the 1970 Census or move to the SIE?

Ms. **Kline**. I would prefer to stay with the ten year Census, because if you note what is happening to us in your urban areas, we are having some pretty serious losses. I think we would be better off if we stayed with the ten-year Census.

Mr. **Cross**. But under the SIE what would happen is the money would come to the State, and then, because the SIE is only valid at the State level, there would have to be some mechanism for sub-State distribution, so you would be able to be sensitive to where the changes have occurred.

Mr. **Dallam**. Let me just respond to that from a program point of view. Our school districts in Pennsylvania go out of their minds when the funding goes up and down. Most of our funding, as much as 80 percent actually goes into people, teachers and aides and their fringe benefits, and if these school districts find out one year they have $100,000 and the next year they have $150,000 and then two years later they only have $75,000, they go out of their minds.

Their reaction is to spend very little of the money and try to carry money over. They need stability of funding. The 1970 Census, inadequate though it might be, provides stability over a decade. If you propose a measure that will provide stability over a decade, then schools can plan sensibly. They are not like automobile plants, they can't suddenly decide to lay off the third shift because the sales of cars went down in Pennsylvania. They plan ahead. Pennsylvania makes tremendous educational commitments. All of our title I teachers come under the provisions of the Pennsylvania school code. They have tenure; they have rights. We intend them to be permanent, and in that way we get the very best teachers. So the schools are mostly concerned that the funding not bounce up and down lika yoyo.

Mr. CROSS. Of course, one effect of not changing until 1980 could be the situation we saw in 1970, where because there was no change in that whole period from 1965 until 1974, the changes were twice as dramatic as if there had been some intermediate point in which the formula was changed, and the effects were somewhat mitigated instead of it all coming in one lump.

Thank you.

Thank you, Mr. Chairman.

Mr. KILDEE. Thank you, Mr. Cross.

Thank you, Ms. Kline, and your colleagues and your staff for coming here this morning.

Your testimony has been excellent and very helpful to this committee.

This hearing brings to a close the subcommittee's hearings this year on all of these expiring Federal elementary and secondary education programs. We have heard from about 300 witnesses this year. You bring us up to that mark, in 53 days of hearings. These have been the most comprehensive hearings ever held on these programs which total approximately $5 billion in appropriations.

I feel that the subcommittee is now the best informed and best advised as we have ever been to deal with the reauthorization and amending of these programs. We expect to hear from the Administration in January on its recommendations, and then in February we will get to work on writing this legislation.

I want to thank you for your participation.

Ms. KLINE. Thank you, Mr. Chairman.

Mr. KILDEE. We now stand adjourned.

[Whereupon, at 11:15 a.m., the Subcommittee on Elementary, Secondary, and Vocational Education adjourned.]

[Appendix material follows:]

Appendix 1

PART II—ELEMENTARY AND SECONDARY PROGRAMS

Elementary and Secondary Education Act of 1965

TITLE I—FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES FOR THE EDUCATION OF CHILDREN OF LOW-INCOME FAMILIES[1]

DECLARATION OF POLICY

Sec. 101. In recognition of the special educational needs of children of low-income families and the impact that concentrations of low-income families have on the ability of local educational agencies to support adequate educational programs, the Congress hereby declares it to be the policy of the United States to provide financial assistance (as set forth in the following parts of this title) to local educational agencies serving areas with concentrations of children from low-income families to expand and improve their educational programs by various means (including preschool programs) which contribute particularly to meeting the special educational needs of educationally deprived children.

(20 U.S.C. 241a) Enacted April 11, 1965, P.L. 89–10, Title I, sec. 2, 79 Stat. 27; redesignated and amended January 2, 1968, P.L. 90–247, Title I, secs. 108(a)(2), 110, 81 Stat. 786, 787; amended April 13, 1970, P.L. 91–230, sec. 113(b)(2), 84 Stat. 126.

DURATION OF ASSISTANCE

Sec. 102. During the period beginning July 1, 1973, and ending September 30, 1978, the Commissioner shall, in accordance with the provisions of this title, make payments to State educational agencies for grants made on the basis of entitlements created under this title.

(20 U.S.C. 241b) Enacted April 11, 1965, P.L. 89–10, Title I, sec. 2, 79 Stat. 27; mended Nov. 3, 1966, P.L. 89–750, Title I, sec. 101, 80 Stat. 1191; redesignated nd amended Jan. 2, 1968, P.L. 90–247, Title I, secs. 108(a)(2), 110, Title III, ec. 301(a), 81 Stat. 786, 787, 813; amended April 13, 1970, P.L. 91–230, secs. 01(a), 113(b)(3), 84 Stat. 121, 126; amended August 21, 1974, P.L. 93–380, ec. 101(a)(1), 88 Stat. 488; amended April 21, 1976, P.L. 94–273, sec. 2(12), 0 Stat. 375.

Part A—Basic Grants[2]

Subpart 1—Grants to Local Educational Agencies

GRANTS—AMOUNT AND ELIGIBILITY

Sec. 103. (a)(1) There is authorized to be appropriated for each scal year for the purpose of this paragraph 1 per centum of the amount appropriated for such year for payments to States under section 143(a) (other than payments under such section to jurisdictions excluded from the term "State" by this subsection, and payments pursuant to section 124), and there shall be authorized to be appropriated such additional sums as will assure at least the same level of funding under this title as in fiscal year 1973 for Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and to the Secretary of the Interior for payments pursuant to paragraphs (1) and (2) of subsection (d). The amount appropriated pursuant to this paragraph shall be allotted by the Commissioner (A) among Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands according to their respective need for grants under this part, and (B) to the Secretary of the Interior in the amount necessary (i) to make payments pursuant to paragraph (1) of subsection (d), and (ii) to make payments pursuant to paragraph (2) of subsection (d). The grant which a local educational agency in Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands is eligible to receive shall be determined pursuant to such criteria as the Commissioner determines will best carry out the purposes of this title.

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[1] Section 205(7) of Title II of P.L. 94–274 (Enacted April 21, 1976. 90 Stat. 393, 394) rovides that the period of July 1, 1976, through September 30, 1976, shall be treated part of the fiscal year beginning October 1, 1976, for the purposes of Title I of the lementary and Secondary Education Act of 1965.

[2] Sec. 101(a)(10) of P.L. 93–380 provides as follows:
"(10) There is authorized to be appropriated for each fiscal year a sum not to exceed 15,700,000 to be allocated at the discretion of the Commissioner to assist those local lucation agencies whose total allocation under part A of title I of the Elementary and econdary Education Act of 1965 is 90 per centum or less than such allocation under ch part A during the preceding fiscal year."

(2) In any case in which the Commissioner determines that satisfactory data for that purpose are available, the grant which a local educational agency in a State shall be eligible to receive under this subpart for a fiscal year shall (except as provided in paragraph (3)) be determined by multiplying the number of children counted under subsection (c) by 40 per centum of the amount determined under the next sentence. The amount determined under this sentence shall be the average per pupil expenditure in the State except that (A) if the average per pupil expenditure in the State is less than 80 per centum of the average per pupil expenditure in the United States, such amount shall be 80 per centum of the average per pupil expenditure in the United States, or (B) if the average per pupil expenditure in the State is more than 120 per centum of the average per pupil expenditure in the United States, such amount shall be 120 per centum of the average per pupil expenditure in the United States. In any case in which such data are not available, subject to paragraph (3), the grant for any local educational agency in a State shall be determined on the basis of the aggregate amount of such grants for all such agencies in the county or counties in which the school district of the particular agent is located, which aggregate amount shall be equal to the aggregate amount determined under the two preceding sentences for such county or counties, and shall be allocated among those agencies upon such equitable basis as may be determined by the State educational agency in accordance with basic criteria prescribed by the Commissioner.

(3)(A) Upon determination by the State educational agency that a local educational agency in the State is unable or unwilling to provide for the special educational needs of children described in clause (C) of paragraph (1) of subsection (c), who are living in institutions for neglected or delinquent children, the State educational agency shall, if it assumes responsibility for the special educational needs of such local educational agency which is attributable to such neglected or delinquent children, but if the State educational agency does not assume such responsibility, any other State or local public agency, as determined by regulations established by the Commissioner, which does assume such responsibility shall be eligible to receive such portion of the allocation.

(B) In the case of local educational agencies which serve in whole or in part the same geographical area, and in the case of a local educational agency which provides free public education for a substantial number of children who reside in the school district of another local educational agency, the State educational agency may allocate the amount of the grants for those agencies among them in such manner as it determines will best carry out the purposes of this title.

(C) The grant which Puerto Rico shall be eligible to receive under this subpart for a fiscal year shall be the amount arrived at by multiplying the number of children counted under subsection (c) by 40 per centum of (i) the average per pupil expenditure in Puerto Rico or (ii) in the case where such average per pupil expenditure is more than 120 per centum of the average per pupil expenditure in the United States, 120 per centum of the average per pupil expenditure in the United States.

(4) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(b) A local educational agency shall be eligible for a basic grant for a fiscal year under this part only if it meets the following requirements with respect to the number of children counted under subsection (c):

(1) In any case (except as provided in paragraph (3)) in which the Commissioner determines that satisfactory data for the purpose of this subsection as to the number of such children are available on a school district basis, the number of such children in the school district of such local educational agency shall be at least ten.

(2) In any other case, except as provided in paragraph (3), the number of such children in the county which includes such local educational agency's school district shall be at least ten.

(3) In any case in which a county includes a part of the school district of the local educational agency concerned and the Commissioner has not determined that satisfactory data for the purpose of this subsection are available on a school district basis for all the local educational agencies for all the counties into which the school district of the local educational agency concerned extends, the eligibility requirement with respect to the number of such children for such local educational agency shall be determined in accordance with regulations prescribed by the Commissioner for the purposes of this subsection.

(c)(1) The number of children to be counted for purposes of this section is the aggregate of (A) the number of children aged five to seventeen, inclusive, in the school district of the local educational agency from families below the poverty level as determined under paragraph (2)(A), (B) two-thirds of the number of children aged five to seventeen, inclusive, in the school district of such agency from families above the poverty level as determined under paragraph (2)

(B), and (C) the number of children aged five to seventeen, inclusive, in the school district of such agency living in institutions for neglected or delinquent children (other than such institutions operated by the United States) but not counted pursuant to section 123 for the purposes of a grant to a State agency, or being supported in foster homes with public funds.

(2)(A) For the purposes of this section, the Commissioner shall determine the number of children aged five to seventeen, inclusive, from families below the poverty level on the basis of the most recent satisfactory data available from the Department of Commerce for local educational agencies (or, if such data are not available for such agencies, for counties); and in determining the families which are below the poverty level, the Commissioner shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

(B) For purposes of this section, the Secretary of Health, Education, and Welfare shall determine the number of children aged five to seventeen, inclusive, from families above the poverty level on the basis of the number of such children from families receiving an annual income, in excess of the current criteria of poverty, from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act; and in making such determinations the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census for a nonfarm family of four in such form as those criteria have been updated by increases in the Consumer Price Index. The Secretary shall determine the number of such children and the number of children of such ages living in institutions for neglected or delinquent children, or being supported in foster homes with public funds, on the basis of the caseload data for the month of October of the preceding fiscal year (using, in the case of children described in the preceding sentence, the criteria of poverty and the form of such criteria required by such sentence which were determined for the calendar year preceding such month of October) or, to the extent that such data are not available to him before January 1 of the calendar year in which the Secretary's determination is made, then on the basis of the most recent reliable data available to him at the time of such determination.

(C) When requested by the Commissioner, the Secretary of Commerce shall make a special estimate of the number of children of such ages who are from families below the poverty level (as determined under paragraph (A) of this subsection) in each county or school district, and the Commissioner is authorized to pay (either in advance or by way of reimbursement) the Secretary of Commerce the cost of making this special estimate. The Secretary of Commerce shall give consideration to any request of the chief executive of a State for the collection of additional census information. For purposes of this section, the Secretary shall consider all children who are in correctional institutions to be living in institutions for delinquent children.

(d)(1) From the amount allotted for payments to the Secretary of the Interior under clause (B)(i) in the second sentence of subsection (a)(1), the Secretary of the Interior shall make payments to local educational agencies, upon such terms as the Commissioner determines will best carry out the purposes of this title, with respect to out-of-State Indian children in the elementary and secondary schools of such agencies under special contracts with the Department of the Interior. The amount of such payment may not exceed, for each such child, 40 per centum of (A) the average per pupil expenditure in the State in which the agency is located or (B) 120 per centum of such expenditure in the United States, whichever is the greater.

(2) The amount allotted for payments to the Secretary of the Interior under clause (B)(ii) in the second sentence of subsection (a)(1) for any fiscal year shall be, as determined pursuant to criteria established by the Commissioner, the amount necessary to meet the special educational needs of educationally deprived Indian children on reservations serviced by elementary and secondary schools operated for Indian children by the Department of the Interior. Such payments shall be made pursuant to an agreement between the Commissioner and the Secretary containing such assurances and terms as the Commissioner determines will best achieve the purposes of this title. Such agreement shall contain (A) an assurance that payments made pursuant to this subparagraph will be used solely for programs and projects approved by the Secretary of the Interior which meet the applicable requirements of section 141(a) and that the Department of the Interior will comply in all other respects with the requirements of this title, and (B) provision for carrying out the applicable provisions of sections 141(a) and 142(a)(3).

(20 U.S.C. 241c) Enacted April 11, 1965, P.L. 89–10, Title I, sec. 2, 79 Stat. 28; amended July 21, 1965, P.L. 89–77, sec. 3, 79 Stat. 243; amended Nov. 1, 1965, P.L. 89–313, sec. 6(a), 79 Stat. 1161; amended Nov. 3, 1966, P.L. 89–750, Title I, secs. 102, 103(a), 104–108, 113(b), 117, 80 Stat. 1191–1198; redesignated and amended Jan. 2, 1968, P.L. 90–247, Title I, secs. 101, 103(a), 104, 105, 107, 108(a), 81 Stat. 783–787; amended Oct. 16, 1968, P.L. 90–576, Title III, sec. 307, 82 Stat. 1097; amended April 13, 1970, P.L. 91–230, secs. 101(b), 103, 104, 105, 106, 107, 113, 84 Stat. 121–124, 126; amended and subsection 103(a)(1)(C) added June 23, 1972, P.L. 92–318, sec. 411(b), 86 Stat. 338; amended August 21, 1974, P.L. 93–380, sec. 101, 88 Stat. 488, 491; amended April 21, 1976, P.L. 94–273, sec. 49(a), 49(b), 49(c), 90 Stat. 382.

Subpart 2—State Operated Programs

PROGRAMS FOR HANDICAPPED CHILDREN

SEC. 121. (a) A State agency which is directly responsible for providing free public education for handicapped children (including mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education), shall be eligible to receive a grant under this section for any fiscal year.

NOTE.—Sec. 843(d) of P.L. 93–380, as amended by sec. 48(a) of P.L. 94–273, provides as follows:

"(d) Notwithstanding any provision of part A of title I of the Elementary and Secondary Education Act of 1965, the amount which the Commonwealth of Puerto Rico is eligible to receive under subpart 1 of such part A or under sections 121, 122, or 123 for the fiscal year ending June 30, 1975, shall not exceed 50 per centum of the full amount the Commonwealth of Puerto Rico would receive (after required ratable reductions) under such subpart or section but for this subsection, and for the fiscal years ending June 30, 1976, September 30, 1977, and September 30, 1978, such amount shall not exceed 75 per centum of the full amount the Commonwealth of Puerto Rico would receive (after required ratable reductions) under such subpart or section but for this subsection."

(b) Except as provided in sections 124 and 125, the grant which an agency (other than the agency for Puerto Rico) shall be eligible to receive under this section shall be an amount equal to 40 per centum of the average per pupil expenditure in the State (or (1) in the case where the average per pupil expenditure in the State is less than 80 per centum of the average per pupil expenditure in the United States, of 80 per centum of the average per pupil expenditure in the United States, or (2) in the case where the average per pupil expenditure in the State is more than 120 per centum of the average pupil expenditure in the United States, of 120 per centum of the average per pupil expenditure in the United States), multiplied by the number of such children in average daily attendance, as determined by the Commissioner, at schools for handicapped children operated or supported by the State agency, including schools providing special education for handicapped children under contract or other arrangement with such State agency, in the most recent fiscal year for which satisfactory data are available. The grant which Puerto Rico shall be eligible to receive under this section shall be the amount arrived at by multiplying the number of children in Puerto Rico counted as provided in the preceding sentence by 40 per centum of (1) the average per pupil expenditure in Puerto Rico or (2) in the case where such average per pupil expenditure is more than 120 per centum of the average per pupil expenditure in the United States, 120 per centum of the average per pupil expenditure in the United States.

(c) A State agency shall use the payments made under this section only for programs and projects (including the acquisition of equipment and, where necessary, the construction of school facilities) which are designed to meet the special educational needs of such children, and the State agency shall provide assurances to the Commissioner that each such child in average daily attendance counted under subsection (b) will be provided with such a program, commensurate with his special needs, during any fiscal year for which such payments are made.

(d) In the case where such a child leaves an educational program for handicapped children operated or supported by the State agency in order to participate in such a program operated or supported by a local educational agency, such child shall be counted under subsection (b) if (1) he continues to receive an appropriately designed educational program and (2) the State agency transfers to the local educational agency in whose program such child participates an amount equal to the sums received by such State agency under this section which are attributable to such child, to be used for the purposes set forth in subsection (c).

(20 U.S.C. 241c–2) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 491, 492.

PROGRAMS FOR MIGRATORY CHILDREN

SEC. 122. (a)(1) A State educational agency or a combination of such agencies, upon application, shall be entitled to receive a grant for any fiscal year under this section to establish or improve, either directly or through local educational agencies, programs of education for migratory children of migratory agricultural workers or of migratory fishermen. The Commissioner may approve such an application only upon his determination—

(A) that payments will be used for programs and projects (including the acquisition of equipment and where necessary the construction of school facilities) which are designed to meet the special educational needs of migratory children of migratory agricultural workers or of migratory fishermen, and to coordinate these programs and projects with similar programs and projects in other States, including the transmittal of pertinent information with respect to school records of such children;

(B) that in planning and carrying out programs and projects there has been and will be appropriate coordination with programs administered under part B of title III of the Economic Opportunity Act of 1964;

(C) that such programs and projects will be administered and carried out in a manner consistent with the basic objectives of clauses (1)(B) and (3) through (12) of section 141(a); and

(D) that, in planning and carrying out programs and projects, there has been adequate assurance that provision will be made for the preschool educational needs of migratory children of migratory agricultural workers or of migratory fishermen, whenever such agency determines that compliance with this clause will not detract from the operation of programs and projects described in clause (A) of this paragraph after considering the funds available for this purpose.

The Commissioner shall not finally disapprove an application of a State educational agency under this paragraph except after reasonable notice and opportunity for a hearing to the State educational agency.

(2) If the Commissioner determines that a State is unable or unwilling to conduct educational programs for migratory children of migratory agricultural workers or of migratory fishermen, or that it would result in more efficient and economic administration, or that it would add substantially to the welfare or educational attainment of such children, he may make special arrangements with other public or nonprofit private agencies to carry out the purposes of this section in one or more States, and for this purpose he may use all or part of the total of grants available for any such State under this section.

(3) For purposes of this section, with the concurrence of his parents, a migratory child of a migratory agricultural worker or of a migratory fisherman shall be deemed to continue to be such a child for a period, not in excess of five years, during which he resides in the area served by the agency carrying on a program or project under this subsection. Such children who are presently migrant, as determined pursuant to regulations of the Commissioner, shall be given priority in this consideration of programs and activities contained in applications submitted under this subsection.

(b) Except as provided in sections 124 and 125, the total grants which shall be made available for use in any State (other than Puerto Rico) for this section shall be an amount equal to 40 per centum of the average per pupil expenditure in the State (or (1) in the case where the average per pupil expenditure in the State is less than 80 per centum of the average per pupil expenditure in the United States, of 80 per centum of the average per pupil expenditure in the United States, or (2) in the case where the average per pupil expenditure in the State is more than 120 per centum of the average per pupil expenditure in the United States, of 120 per centum of the average per pupil expenditure in the United States) multiplied by (1) the estimated number of such migratory children aged five to seventeen, inclusive, who reside in the State full time, and (2) the full-time equivalent of the estimated number of such migratory children aged five to seventeen, inclusive, who reside in the State part time, as determined by the Commissioner in accordance with regulations, except that if, in the case of any State, such amount exceeds the amount required under subsection (a), the Commissioner shall allocate such excess, to the extent necessary, to other States whose total of grants under this sentence would otherwise be insufficient for all such children to be served in such other States. The total grant which shall be made available for use in Puerto Rico shall be arrived at by multiplying the number of children in Puerto Rico counted as provided in the preceding sentence by 40 per centum of (1) the average per pupil expenditure in Puerto Rico or (2) in the case where such average per pupil expenditure is more than 120 per centum of the average per pupil expenditure in the United States, 120 per centum of the average per pupil expenditure in the United States. In determining the number of migrant children for the purposes of this section the Commissioner shall use statistics made available by the migrant student record transfer system or such other system as he may determine most accurately and fully reflects the actual number of migrant students.

(20 U.S.C. 241c-2) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 492, 494.

PROGRAMS FOR NEGLECTED OR DELINQUENT CHILDREN

SEC. 123. (a) A State agency which is directly responsible for providing free public education for children in institutions for neglected or delinquent children or in adult correctional institutions shall be entitled to receive a grant under this section for any fiscal year (but only if grants received under this section are used only for children in such institutions).

(b) Except as provided in sections 124 and 125, the grant which such an agency (other than the agency for Puerto Rico) shall be eligible to receive shall be an amount equal to 40 per centum of the average per pupil expenditure in the State (or (1) in the case where the average per pupil expenditure in the State is less than 80 per centum of the average per pupil expenditure in the United States, of 80 per centum of the average per pupil expenditure in the United States, or (2) in the case where the average per pupil expenditure in the State is more than 120 per centum of the average per pupil expenditure in the United States, of 120 per centum of the average per pupil expenditure in the United States) multiplied by the number of such children in average daily attendance, as determined by the Commissioner, at schools for such children operated or supported by that agency, including schools providing education for such children under contract or other arrangement with such agency, in the most recent fiscal year for which satisfactory data are available. The grant which Puerto Rico shall be eligible to receive under this section shall be the amount arrived at by multiplying the number of children in Puerto Rico counted as provided in the preceding sentence by 40 per centum of (1) the average per pupil expenditure in Puerto Rico or (2) in the case where such average per pupil expenditure is more than 120 per centum of the average per pupil expenditure in the United States, 120 per centum of the average per pupil expenditure in the United States.

(c) A State agency shall use payments under this section only for programs and projects (including the acquisition of equipment and where necessary the construction of school facilities) which are designed to meet the special educational needs of such children.

(20 U.S.C. 241c-3) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 494.

RESERVATION OF FUNDS FOR TERRITORIES

SEC. 124. There is authorized to be appropriated for each fiscal year for purposes of each of sections 121, 122, and 123, an amount equal to not more than 1 per centum of the amount appropriated for such year for such sections for payments to Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands under each such section. The amounts appropriated for each such section shall be allotted among Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands according to their respective need for such grants, based on such criteria as the Commissioner determines will best carry out the purposes of this title.

(20 U.S.C. 241c-4) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 494.

MINIMUM PAYMENTS FOR STATE OPERATED PROGRAMS

SEC. 125. No State shall receive in any fiscal year prior to October 1, 1978, pursuant to sections 121, 122, or 123 an amount which is less than 100 per centum of the amount which that State received in the prior fiscal year pursuant to such section 121, 122, or 123, respectively.[1]

(20 U.S.C. 241c-5) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 495; amended April 21, 1976, P.L. 94-273, sec. 3(8), 90 Stat. 376; amended October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(b)(1)(A), 90 Stat. 2236; P.L. 94-482, Title V, Part A, sec. 501(o), 90 Stat. 2238.

PART B—SPECIAL INCENTIVE GRANTS

MAXIMUM ENTITLEMENT

SEC. 126. (a) In the case of any fiscal year ending after June 30, 1969, each State shall be entitled to a special incentive grant if such State has an effort index for the second preceding fiscal year that exceeds the national effort index for such year.

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[1] Section 501(b)(2) of Part A of Title V of P.L. 94-482 provides that the amendment made to Section 125 by Section 501(b)(1)(A) of Part A of Title V of P.L. 94-482 shall take effect on July 1, 1975.

(b) The maximum amount of a special incentive grant for which a State is eligible for any fiscal year shall be determined by multiplying the amount of $1 for each 0.01 per centum by which the effort index of that State for the second preceding fiscal year exceeds the national effort index for such year times the aggregate number of children counted for the purposes of entitled local educational agencies within such State to basic grants in accordance with sections 103(a)(2), 121, 122, and 123, except that no State shall be eligible to receive a special incentive grant under this part, in an amount in excess of 15 per centum of the total amount available for grants under this part.

(20 U.S.C. 241d) Enacted Sept. 30, 1950, c. 1124, Title I, § 121, formerly Title II, § 221, as added and redesignated Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(5), 110, 81 Stat. 786, 787; amended April 13, 1970, P.L. 91-230, Title I, sec. 113(b)(6), 84 Stat. 126; redesignated August 21, 1974, P.L. 93-380, sec. 101(a)(3), 88 Stat. 495; technical amendment clarifying redesignation enacted October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(a)(1), 90 Stat. 2235; further amended October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(b)(1)(B), 90 Stat. 2236.

APPLICATION; USE OF FUNDS

Sec. 127. Any State desiring the special incentive grant to which it is entitled under this part for any fiscal year shall make application therefor, in accordance with the requirements set forth in section 142, to the Commissioner. Such application shall be submitted at such time and contain such information as the Commissioner shall require by regulation and shall contain a statement of such policies and procedures as will insure that funds granted to the State under this part will be (1) made available to local educational agencies within that State which have the greatest need for assistance under this title, and (2) used, in accordance with the applicable provisions of this title, for programs and projects designed to meet the special educational needs of educationally deprived children.

(20 U.S.C. 241d-1) Enacted Sept. 30, 1950, c. 1124, Title I, § 121, formerly Title II, § 221, as added and redesignated Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(5), 110, 81 Stat. 786, 787; amended April 13, 1970, P.L. 91-230, Title I, sec. 113(b)(6), 84 Stat. 126; redesignated August 21, 1974, P.L. 93-380, sec. 101(a)(3), 88 Stat. 495; technical amendment clarifying redesignation enacted October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(a)(1), 90 Stat. 2235.

DEFINITIONS

Sec. 128. For the purpose of this part the term "effort index" when applied to States, means the per centum expressing the ratio of expenditures from all non-Federal sources in a State for public elementary and secondary education to the total personal income in such State, and the term "national effort index" means the per centum expressing the ratio of such expenditures in all States to the total personal income in all States; and the term "State" means the fifty States and the District of Columbia.

(20 U.S.C. 241d-2) Enacted Sept. 30, 1950, c. 1154, Title I, § 121, formerly Title II, § 221, as added and redesignated Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(5), 110, 81, Stat. 786, 787; amended April 13, 1970, P.L. 91-230, Title I, sec. 113(b)(6), 84 Stat. 127; redesignated August 21, 1974, P.L. 93-380, sec. 101(a)(3), 88 Stat. 495; technical amendment clarifying redesignation enacted October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(a)(1), 90 Stat. 2235.

PART C—SPECIAL GRANTS [1]

ELIGIBILITY AND MAXIMUM AMOUNT OF SPECIAL GRANTS

SEC. 131. (a) Each local educational agency in a State which is eligible for a grant under this title for any fiscal year shall be entitled to an additional grant for that fiscal year if it meets the requirements of subsection (b). The amount of such grant shall be determined in accordance with subsection (c).

(b) (1) A local educational agency shall be entitled to a grant under this part for any fiscal year if the school district of such agency is located in a county in which—

(A) the number of children described in paragraph (2) for such year amounts to at least 200 per centum of the average number of such children in all counties in the State in which such agency is located for that fiscal year; or

(B) the number of children so described in such county for such year is 10,000 and amounts to 5 per centum of the total number of children in such county.

(2) For the purposes of paragraph (1), the children counted with respect to a local educational agency shall be those children in the such county who are—

(A) in families having an annual income of $3,000 or less; or

(B) in families receiving an annual income in excess of $3,000 from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act; or

(C) living in institutions for neglected or delinquent children or being supported in foster homes with public funds.

(3) (A) Determinations with respect to numbers of children in any county under paragraph (2) shall be made by the Commissioner on the basis of the most recent satisfactory data available to him.

(B) (i) The number of children determined with respect to one or more counties shall be allocated by the Commissioner, for the purposes of paragraph (2), among the local educational agencies with school districts located in such county or counties.

(ii) In any case where—

(I) two or more local educational agencies serve, in whole or in part, the same geographical area; or

(II) a local educational agency provides free public education for a substantial number of children who reside in the school district of another local educational agency,

the Commissioner may allocate the number of children determined under this subsection among such agencies in such a manner as will best achieve the purposes of this section.

(C) (i) For the purposes of paragraph (2), the Commissioner shall determine the number of children from families having an annual income of $3,000 or less on the basis of the most recent satisfactory data available from the Department of Commerce. At any time such data for a county are available in the Department of Commerce, such data shall be used in making calculations under this subsection.

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[1] Section 101(a)(4)(B) of P.L. 93-380 repeals Part C, effective July 1, 1975.

(ii) For the purposes of this subsection, the Secretary of Health, Education, and Welfare shall determine the number of children from families receiving an annual income in excess of $3,000 from payments under the program of aid to families with dependent children under a State plan approved under title IV of the Social Security Act and the number of children living in institutions for neglected or delinquent children or being supported in foster homes with public funds, on the basis of caseload data for the month of January of the preceding fiscal year, or to the extent that such data are not available to him before April 1 of the calendar year in which the determination is made, then on the basis of the most recent data available to him at the time of such determination. For the purposes of this subsection, the Secretary shall consider all children who are in correctional institutions to be living in institutions for delinquent children.

(c) The amount of the grant to which a local educational agency shall be entitled for any fiscal year shall be—

(A) the number of children determined with respect to such agency under subsection (b);

multiplied by—

(B) 50 per centum of the average per pupil expenditure of all the local educational agencies in the State in which such agency is located.

(d) Notwithstanding any other provision of this section, no payments for any fiscal year under this part to the local educational agencies in a single State shall exceed 12 per centum of the aggregate payments to all local educational agencies in that year under this part.

(e) (1) The aggregate of the amount for which all local educational agencies are eligible under this part shall not exceed $75,000,000 for any fiscal year. If, for any fiscal year, such aggregate, as computed without regard to the preceding sentence, exceeds $75,000,000, the amount for which each local educational agency is eligible shall be reduced ratably until such aggregate does not exceed such limitation.

(2) For the purpose of making payments under this part there are authorized to be appropriated not in excess of $75,000,000 for the fiscal year ending June 30, 1975.

(f) For the purposes of this section, the term—

(1) "State" means the fifty States and the District of Columbia; and

(2) "children" includes all children aged 5 through 17, inclusive.

(20 U.S.C. 241 d-11) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 495, 496.

PART D.—GENERAL PROVISIONS

APPLICATION

SEC. 141 (a) A local educational agency may receive a grant under this title for any fiscal year only upon application therefor approved by the appropriate State educational agency, upon its determination (consistent with such basic criteria as the Commissioner may establish)—

(1) that payment under this title will be used for the excess costs of programs and projects (including the acquisition of

equipment, payments to teachers of amounts in excess of regular salary schedules as a bonus for service in schools eligible for assistance under this title, the training of teachers, and, where necessary, the construction of school facilities and plans made or to be made for such programs, projects, and facilities) (A) which are designed to meet the special educational needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families (and at the discretion of the local educational agency, in any school of such agency not located in such a school attendance area, at which the proportion of children in actual average daily attendance from low-income families is substantially the same as the proportion of such children in such an area of that agency) and (B) which are of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting those needs and to this end involve an expenditure of not less than $2,500, except that the State educational agency may with respect to any applicant reduce the $2,500 requirement if it determines that it would be impossible, for reasons such as distance or difficulty of travel, for the applicant to join effectively with other local educational agencies for the purpose of meeting the requirement; and nothing herein shall be deemed to preclude two or more local educational agencies from entering into agreements, at their option, for carrying out jointly operated programs and projects under this title: *Provided*, That the amount used for plans for any fiscal year shall not exceed 1 per centum of the amount determined for that agency for that year pursuant to section 103 or $2,000, whichever is greater;

(2) that the local educational agency has provided satisfactory assurance that section 141A will be complied with;

(3) That (A) the total educational agency has provided satisfactory assurance that the control of funds provided under this title, and title to property derived therefrom, shall be in a public agency for the uses and purposes provided in this title, and that a public agency will administer such funds and property, (B) Federal funds made available under this title will be so used (i) as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs and projects assisted under this title, and (ii) in no case, as to supplant such funds from non-Federal sources, and (C) State and local funds will be used in the district of such agency to provide services in project areas which, taken as a whole, are at least comparable to services being provided in areas in such district which are not receiving funds under this title: *Provided*, That any finding of noncompliance with this clause shall not affect the payment of funds to any local educational agency until the fiscal year beginning July 1, 1972 and *Provided further*. That each local educational agency receiving funds under this title shall report on or before July 1, 1971, and on or

before July 1 of each year thereafter with respect to its compliance with this clause;[1]

(4) In the case of any project for construction of school facilities, that the project is not inconsistent with overall State plans for the construction of school facilities and that the requirements of section 433 of the General Education Provisions Act will be complied with on all such construction projects;

(5) In the case of an application for payments for planning, (A) that the planning was or will be directly related to programs or projects to be carried out under this title and has resulted, or is reasonably likely to result in a program or project which will be carried out under this title, and (B) that planning funds are needed because of the innovative nature of the program or project or because the local educational agency lacks the resources necessary to plan adequately for programs and projects to be carried out under this title;

(6) That effective procedures, including provisions for appropriate objective measurements of educational achievement, will be adopted for evaluating at least annually the effectiveness of the programs in meeting the special educational needs of educationally deprived children;

(7) That the local educational agency will make an annual report and such other reports to the State educational agency, in such form and containing such information (which in the case of reports relating to performance is in accordance with specific performance criteria related to program objectives), as may be reasonably necessary to enable the State educational agency to perform its duties under this title, including information relating to the educational achievement of students participating in programs carried out under this title, and will keep such records and afford such access thereto as the State educational agency may find necessary to assure the correctness and verification of such reports;

(8) That the local educational agency is making the application and all pertinent documents related thereto available to parents and other members of the general public and that all evaluations and reports required under paragraph (7) shall be public information;

(9) In the case of a project for the construction of school facilities, that, in developing plans for such facilities due consideration has been given to compliance with such standards as the Secretary may prescribe or approve in order to insure that facilities constructed with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons;

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[1] Sec. 109(b) of Public Law 91-230 reads as follows:

"(b) The amendment made by subsection (a) shall be effective with respect to all applications submitted to State educational agencies after thirty days after the date of enactment of this Act. Nothing in this section shall be construed to authorize the supplanting of State and local funds with Federal funds prior to the effective date of the amendment made by this section."

(10) That effective procedures will be adopted for acquiring and disseminating to teachers and administrators significant information derived from educational research, demonstration, and similar projects, and for adopting, where appropriate, promising educational practices developed through such projects;

(11) In the case of a project for the construction of school facilities, that, in developing plans for such facilities, due consideration has been given to excellence of architecture and design, and to the inclusion of works of art (not representing more than 1 per centum of the cost of the project);

(12) In the case of projects involving the use of education aides, the local educational agency sets forth well-developed plans providing for coordinated programs of training in which education aides and the professional staff whom they are assisting will participate together;

(13) That, where a school attendance area does not meet the requirement of paragraph (1)(A) of this subsection for a fiscal year, or in the case of a local educational agency electing to allocate funds under section 150 where such an area does not meet the requirement of that section, but did meet the appropriate requirement in either of the two preceding fiscal years, that school attendance area shall be considered to meet the applicable criterion for that fiscal year; and

(14) That the local educational agency shall establish an advisory council for the entire school district and shall establish an advisory council for each school of such agency served by a program or project assisted under section 143(a)(2), each of which advisory councils—

(A) has as a majority of its members parents of the eligible children to be served,

(B) is composed of members selected by the parents in each school attendance area,

(C) has been given responsibility by such agency for advising it in the planning for, and the implementation and evaluation of, such programs and projects, and

(D) is provided by such agency, in accordance with regulations of the Commissioner, with access to appropriate information concerning such programs and projects.

(b) It is the intent of the Congress to encourage, where feasible, the development for each educationally deprived child participating in a program under this title of an individualized written educational plan (maintained and periodically evaluated), agreed upon jointly by the local educational agency, a parent or guardian of the child, and when appropriate, the child.

(c) The State educational agency shall not finally disapprove in whole or in part any application for funds under this title without first affording the local educational agency submitting the application reasonable notice and opportunity for a hearing.

(20 U.S.C. 241e) Enacted April 11, 1965, P.L. 89-10, Title I, sec. 2, 79 Stat. 30; amended Nov. 3, 1966, P.L. 89-750, Title I, secs. 103(b), 108(b)(1), (2), 110, 111(a)-(e), 80 Stat. 1192, 1195, 1196; redesignated and amended Jan 2, 1968, P.L. 90-247, Title I, secs. 103(b), 106, 108(a)(2), 109, 110, 81 Stat. 783, 784, 786,

787; redesignated and amended April 13, 1970, P.L. 91-230, Title I, secs. 108, 109(a), 110, 111(b), 113(b)(3), (4), (7), 84 Stat. 124-126, 128; amended June 23, 1972, P.L. 92-318, sec. 507(a) and (b), 86 Stat. 352; amended August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 496, 497; amended October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(b)(1)(C), 501(b)(1)(D), 90 Stat. 2236.

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

Sec. 141A. (a) To the extent consistent with the number of educationally deprived children in the school district of the local educational agency who are enrolled in private elementary and secondary schools, such agency shall make provision for including special educational services and arrangements (such as dual enrollment, educational radio and television, and mobile educational services and equipment) in which such children can participate and meeting the requirements of clauses (A) and (B) of paragraph (1) of subsection (a) of section 141, paragraph (2) of subsection (a) of such section, and clauses (A) and (B) of paragraph (3) of subsection (a) of such section 141.

(b)(1) If a local educational agency is prohibited by law from providing for the participation in special programs for educationally deprived children enrolled in private elementary and secondary schools as required by subsection (a), the Commissioner shall waive such requirement and the provisions of section 141(a)(2), and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of subsection (a).

(2) If the Commissioner determines that a local educational agency has substantially failed to provide for the participation on an equitable basis of educationally deprived children enrolled in private elementary and secondary schools as required by subsection (a), he shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of subsection (a), upon which determination the provisions of paragraph (a) and section 141 (a)(2) shall be waived.

(3) When the Commissioner arranges for services pursuant to this section, he shall, after consultation with the appropriate public and private school officials, pay the cost of such services from the appropriate allocation or allocations under this title.

(4) (A) the Commissioner shall not take any final action under this section until he has afforded the State educational agency and local educational agency affected by such action at least sixty days notice of his proposed action and an opportunity for a hearing with respect thereto on the record.

(B) If a State or local educational agency is dissatisfied with the Commissioner's final action after a hearing under subparagraph (A) of this paragraph, it may within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(C) The findings of fact by the Commissioner, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(D) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(20 U.S.C. 241e-1) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 497, 498.

ASSURANCES FROM STATES

SEC. 142. (a) Any State desiring to participate under this title (except with respect to the program provided for in section 122 relating to migratory children of migratory agricultural workers) shall submit through its State educational agency to the Commissioner an application, in such detail as the Commissioner deems necessary, which provides satisfactory assurance—

(1) that, except as provided in section 143(b), payments under this title will be used only for programs and projects which have been approved by the State educational agency pursuant to section 141(a) and which meet the applicable requirements of that section and of section 121 and that such agency will in all other respects comply with the provisions of this title, including the enforcement of any obligations imposed upon a local educational agency under section 141(a);

(2) that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the State (including such funds paid by the State to local educational agencies) under this title; and

(3) that the State educational agency will make to the Commissioner (A) periodic reports (including the results of objective measurements required by section 141(a)(6) and of research and replication studies) evaluating the effectiveness of payments under this title and of particular programs assisted under it in improving the educational attainment of educationally deprived children, and (B) such other reports as may be reasonably necessary to enable the Commissioner to perform his duties under this title (including such reports as he may require to determine the amounts which the local educational agencies of that State are eligible to receive for any fiscal year), and assurance that such agency will keep such records and afford such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

(b) The Commissioner shall approve an application which meets he requirements specified in subsection (a), and he shall not finally lisapprove an application except after reasonable notice and opportu-ity for a hearing to the State educational agency.

(20 U.S.C. 241f) Enacted April 11, 1965, P.L. 89-10, Title I, sec. 2, 79 Stat. 31; amended Nov. 1, 1965, P.L. 89-313, sec. 6(b), 79 Stat. 1162; amended Nov. 3, 1966, P.L. 89-750, Title I, sec. 103(c)(1), 80 Stat. 1193; redesignated and amended Jan. 2, 1968, P.L. 90-247, Title I, secs. 103(c), 108(a)(2), 110, 81 Stat. 783, 786, 787; redesignated and amended April 13, 1970, P.L. 91-230, Title I, secs. 111(a), 113(b)(3), (4), 84 Stat. 125, 126.

PAYMENT

SEC. 143. (a) (1) The Commissioner shall, subject to the provisions of section 144, from time to time pay to each State, in advance or otherwise, the amount which it and the local educational agencies of that State are eligible to receive under this title. Such payments shall take into account the extent (if any) to which any previous payment to such State educational agency under this title (whether or not in the same fiscal year) was greater or less than the amount which should have been paid to it.

(2) From the funds paid to it pursuant to paragraph (1) each State educational agency shall distribute to each local educational agency of the State which is not ineligible by reason of section 103(b) and which has submitted an application approved pursuant to section 141(a) the amount for which such application has been approved except that this amount shall not exceed the amount determined for that agency pursuant to section 103.

(b) The Commissioner is authorized to pay to each State amounts equal to the amounts expended by it for the proper and efficient performance of its duties under this title (including technical assistance for the measurements and evaluations required by section 141(a)(6), except that the total of such payments in any fiscal year shall not exceed—

(1) 1 per centum of the amount allocated to the State and its local educational agencies as determined for that year under this title; or

(2) $150,000, or $25,000 in the case of Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands, whichever is the greater.

(c)(1) No payments shall be made under this title for any fiscal year to a State which has taken into consideration payments under this title in determining the eligibility of any local educational agency in that State for State aid, or the amount of that aid, with respect to the free public education of children during that year or the preceding fiscal year.

(2) No payments shall be made under this title to any local educational agency for any fiscal year unless the State educational agency finds that the combined fiscal effort per student or the aggregate expenditures (as determined in accordance with regulations of the Commissioner) of that agency and the State with respect to the provision of free public education by that agency for the preceding fiscal year was not less than such combined fiscal effort per student or the aggregate expenditures for that purpose for the second preceding fiscal year.

(20 U.S.C. 241g) Enacted April 11, 1965, P.L. 89-10, Title I, sec. 2, 79 Stat. 32; amended Nov. 1, 1965, P.L. 89-313, sec. 7(a), 79 Stat. 1162; amended Nov. 3, 1966, P.L. 89-750, Title I, secs. 103(c)(2), 108(b)(3), 112, 113(a), 80 Stat. 1193, 1195, 1197; redesignated and amended Jan. 2, 1968, P.L. 90-247, Title I, secs. 102, 103(c), 108(a)(2), 110, 81 Stat. 783, 786, 787; redesignated and amended April 13, 1970, P.L. 91-230, Title I, secs. 113(b)(3), (4), (8), 114, 84 Stat. 126, 129, 130; amended October 12, 1976, P.L. 94-482, Title III, Part B, sec. 323(a)(1), 90 Stat. 2217.

ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS

SEC. 144. If the sums appropriated for any fiscal year for making the payments provided in this title are not sufficient to pay in full the total amounts which all local and State educational agencies are entitled to receive under this title for such year, the amount available for each grant to a State agency eligible for a grant under section 121, 122, or 123 shall be equal to the total amount of the grant as computed under each such section. If the remainder of such sums available after the application of the preceding sentence is not sufficient to pay in full the total amounts which all local educational agencies are entitled to receive under part A of this title for such year, the allocations to such agencies and allocations under part B shall, subject to adjustments under the next sentence, be ratably reduced to the extent necessary to bring the aggregate of such allocations within the limits of the amount so appropriated, except that entitlements under such part B shall be taken into consideration only to the extent that appropriations for such title I (excluding part C thereof) exceed $1,396,975,000 for any fiscal year and such entitlements shall not exceed $50,000,000 in any fiscal year. The allocation of a local educational agency which would be reduced under the preceding sentence to less than 85 per centum of its allocation under part A for the preceding fiscal year, shall be increased to such amount, the total of the increases thereby required being derived by proportionately reducing the allocations of the remaining local educational agencies, under the preceding sentence, but with such adjustments as may be necessary to prevent the allocation to any remaining local educational agency from being thereby reduced to less than 85 per centum of its allocation for such year. If the aggregate of the amounts to which all States are entitled under such part B exceeds $50,000,000 the entitlement of each State shall be reduced ratably until such aggregate does not exceed $50,000,000 in such fiscal year.

In case additional funds become available for making payments under this title or that year, such reduced amounts shall be increased on the same basis that they were reduced. In order to permit the most effective use of all appropriations made to carry out this title, the Commissioner may set dates by which (1) State educational agencies must certify to him the amounts for which the applications of educational agencies have been or will be approved by the State, and (2) State educational agencies referred to in section 122 must file applications. If the maximum grant a local educational agency or an agency referred to in section 122 would receive (after any ratable reduction which may have been required under the first sentence of this section) is more than an amount which the State educational agency determines, in accordance with regulations prescribed by the Commissioner, such agency will use, the excess amount shall be made available first to educational agencies in that State. Determinations of the educational agencies to which such excess amounts shall be made available shall be made by the State educational agency in furtherance of the purposes of this title in accordance with criteria prescribed by the Commissioner which are designed to assure that such excess amounts will be made available to other eligible educational agencies with the greatest need, for the purpose of, where appropriate, redressing inequities inherent in, or mitigating hardships caused by, the application of the provisions of paragraph (2) of section 103(a) as a result of such factors as population shifts and changing economic circumstances. In the event excess amounts remain after carrying out the preceding two sentences of this section, such excess amounts shall be distributed among the other States as the Commissioner shall prescribe for use by local educational agencies in such States for the purposes of this title in such manner as the respective State educational agencies shall prescribe.

(20 U.S.C. 241h) Enacted April 11, 1965, P.L. 89-10, sec. 2, 79 Stat. 33; amended Nov. 3, 1966, P.L. 89-750, Title I, sec. 114, 80 Stat. 1197; redesignated and amended Jan. 2, 1968, P.L. 90-247, Title I, secs. 107(b), 110, 81 Stat. 785, 787; redesignated and amended April 13, 1970, P.L. 91-230, Title I, sec. 113(b)(3), (4)(c), and (d), 84 Stat. 126, 129; amended August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 498, 499.

WITHHOLDINGS

SEC. 146. Whenever the Commissioner, after reasonable notice and opportunity for hearing to any State educational agency, finds that there has been a failure to comply substantially with any assurance set forth in the application of that State approved under section 122 or 142(b) the Commissioner shall notify the agency that further payments will not be made to the State under this title (or, in his discretion, that the State educational agency shall not make further payments under this title to specified local educational agencies affected by the failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made to the State under this title, or payments by the State educational agency under this title shall be limited to local educational agencies not affected by the failure, as the case may be.

(20 U.S.C. 241j) Enacted April 11, 1965, P.L. 89-10, Title I, sec. 2, 79 Stat. 33; amended Nov. 3, 1966, P.L. 89-750, Title I, sec. 103(c)(3), 80 Stat. 1193; redesignated and amended Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(4), (b), 110, 81 Stat. 786, 787; amended and redesignated April 13, 1970, P.L. 91-230, Title I, sec. 113(b)(4), (9), 84 Stat. 126, 129.

JUDICIAL REVIEW

SEC. 147. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its application submitted under section 122 or 142(b) or with his final action under section 146, such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(b) The findings of fact by the Commissioner, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(20 U.S.C. 241k) Enacted April 11, 1965, P.L. 89-10, Title I, sec. 2, 79 Stat. 33; amended Nov. 3, 1966, P.L. 89-750, Title I, sec. 103(c)(4), 80 Stat. 1193; redesignated and amended Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(4), (b), 110, 81 Stat. 786, 787; amended and redesignated April 13, 1970, P.L. 91-230, Title I, sec. 113(b)(4), (10), 84 Stat. 125, 129.

NATIONAL ADVISORY COUNCIL

SEC. 148. (a) There shall be a National Advisory Council on the Education of Disadvantaged Children (hereinafter in this section referred to as the "National Council") consisting of fifteen members appointed by the President, without regard to the provisions of title 5, United States Code, governing appointment in the competitive service, for terms of three years, except that (1) in the case of initial members, five shall be appointed for terms of one year each and five shall be appointed for terms of two years each, and (2) appointments to fill vacancies shall be only for such terms as remain unexpired. The National Council shall meet at the call of the Chairman.

(b) The National Council shall review and evaluate the administration and operation of this title, including its effectiveness in improving the educational attainment of educationally deprived children, including the effectiveness of programs to meet their occupational and career needs, and make recommendations for the improvement of this title and its administration and operation. These recommendations shall take into consideration experience gained under this and other Federal educational programs for disadvantaged children and, to the extent appropriate, experience gained under other public and private educational programs for disadvantaged children.

(c) The National Council shall make such reports of its activities, findings, and recommendations (including recommendations for changes in the provisions of this title) as it may deem appropriate and shall make an annual report to the President and the Congress not later than March 31 of each calendar year. Such annual report shall include a report specifically on which of the various compensatory education programs funded in whole or in part under the provisions of this title, and of other public and private educational programs for educationally deprived children, hold the highest promise for raising the educational attainment of these educationally deprived children. The President is requested to transmit to the Congress such comments and recommendations as he may have with respect to such report. Subject to section 448(b) of the General Education Provisions Act, the National Council shall continue to exist until October 1, 1978.

(20 U.S.C. 241l) Enacted April 11, 1965, P.L. 89-10, Title I, sec. 2, 79 Stat. 34; amended Nov. 3, 1966, P.L. 89-750, Title I, sec. 115, 80 Stat. 1197; redesignated and amended Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(4), 110, 114, 81 Stat. 786-788; amended and redesignated April 13, 1970, P.L. 91-230, Title I, secs. 112, 113(b)(4), 84 Stat. 125, 126; amended August 21, 1974, P.L. 93-380, sec. 845(a), 88 Stat. 612; amended April 21, 1976, P.L. 94-273, sec. 3(8), 90 Stat. 376.

TREATMENT OF EARNINGS FOR PURPOSES OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 149. (a) Notwithstanding the provisions of title IV of the Social Security Act, a State plan approved under section 402 of such Act shall provide that for a period of not less than twelve months and may provide that for a period of not more than twenty-four months, the first $85 earned by any person in any month for services rendered to any program assisted under this title of this Act shall not be regarded (A) in determining the need of such person under such approved State plan or (B) in determining the need of any other individual under such approved State plan.

(b) Notwithstanding the provisions of subsection (a) of this section, no funds to which a State is otherwise entitled under title IV of the Social Security Act for any period before the fourth month after the adjournment of the State's first regular legislative session which adjourns more than sixty days after enactment of the Elementary and Secondary Education Amendments of 1966, shall be withheld by reason of any action taken pursuant to a State statute which prevents such State from complying with the requirements of subsection (a) of this section.

(20 U.S.C. 241m) Enacted Nov. 3, 1966, P.L. 89–750, Title I, sec. 109, 80 Stat. 1195; redesignated Jan. 2, 1968, P.L. 90–247, Title I, secs. 108(a)(4), 110, 81 Stat. 786, 787; redesignated April 13, 1970, P.L. 91–230, Title I, sec. 113(b)(4), 84 Stat. 126.

ALLOCATION OF FUNDS WITHIN THE SCHOOL DISTRICT OF A LOCAL EDUCATIONAL AGENCY

SEC. 150. (a) For any fiscal year not more than 20 local educational agencies selected for the purpose of section 821(a)(5) of the Education Amendments of 1974 may elect, with the approval of the districtwide parent advisory council which is required to be established under section 141(a)(14) of this title, to allocate funds received from payments under this title on the basis of a method or combination of methods other than the method provided under section 141(a)(1)(A). Any method selected pursuant to this section shall be so designed and administered as to be free from racial or cultural discrimination.

(b) Any local educational agency to which this section applies shall submit such reports to the Director of the National Institute of Education at such time and in such manner as the Director may reasonably require to carry out his responsibilities under section 821(a)(5) of the Education Amendments of 1974.

(20 U.S.C. 241n) Enacted August 21, 1974, P.L. 93–380, sec. 101, 88 Stat. 498

PROGRAM EVALUATION

SEC. 151. (a) The Commissioner shall provide for independent evaluations which describe and measure the impact of programs and projects assisted under this title. Such evaluations may be provided by contract or other arrangements, and all such evaluations shall be made by competent and independent persons, and shall include, whenever possible, opinions obtained from program or project participants about the strengths and weaknesses of such programs or projects.

(b) The Commissioner shall develop and publish standards for evaluation of program or project effectiveness in achieving the objectives of this title.

(c) The Commissioner shall, where appropriate, consult with State agencies in order to provide for jointly sponsored objective evaluation studies of programs and projects assisted under this title within a State.

(d) The Commissioner shall provide to State educational agencies, models for evaluations of all programs conducted under this title, for their use in carrying out their functions under section 142(a), which shall include uniform procedures and criteria to be utilized by local educational agencies, as well as by the State agency in the evaluation of such programs.

(e) The Commissioner shall provide such technical and other assistance as may be necessary to State educational agencies to enable them to assist local educational agencies in the development and application of a systematic evaluation of programs in accordance with the models developed by the Commissioner.

(f) The models developed by the Commissioner shall specify objective criteria which shall be utilized in the evaluation of all programs and shall outline techniques (such as longitudinal studies of children involved in such programs) and methodology (such as the use of tests which yield comparable results) for producing data which are comparable on a statewide and nationwide basis.

(g) The Commissioner shall make a report to the respective committees of the Congress having legislative jurisdiction over programs authorized by this title and the respective Committees on Appropriations concerning his progress in carrying out this section not later than February 1, 1975, and thereafter he shall report to such committees no later than February 1 of each calendar year the results of the evaluations of programs and projects required under this section, which shall be comprehensive and detailed, as up-to-date as possible, and based to the maximum extent possible on objective measurements, together with any other related findings and evaluations, and his recommendations with respect to legislation.

(h) The Commissioner shall also develop a system for the gathering and dissemination of results of evaluations and for the identification of exemplary programs and projects, or of particularly effective elements of programs and projects, and for the dissemination of information concerning such programs and projects or such elements thereof to State and local educational agencies responsible for the design and conduct of programs and projects under this title, and to the education profession and the general public.

(i) The Commissioner is authorized, out of funds appropriated to carry out this title in any fiscal year, to expend such sums as may be necessary to carry out the provisions of this section, but not to exceed one-half of 1 per centum of the amount appropriated for such program, of which $5,000,000 for each fiscal year ending prior to October 1, 1977, shall be available only for the surveys and studies authorized by section 821 of the Education Amendments of 1974. In carrying out the provisions of this section, the Commissioner shall place priority on assisting States and local educational agencies to conduct evaluations and shall, only as funds are available after fulfilling that purpose, seek to conduct any national evaluations of the program.

(20 U.S.C. 241o) Enacted August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 49 500; amended April 21, 1976, P.L. 94-273, sec. 3(8), 90 Stat. 376; furthe amended October 12, 1976, P.L. 94-482, Title V, Part A, sec. 501(b)(1)(E), 9 Stat. 2236; further amended October 12, 1976, P.L. 94-482, Title V, Part A, se 501(p), 90 Stat. 2238.

SHORT TITLE

SEC. 152. This title my be cited as "Title I of the Elementary an Secondary Education Act of 1965."

Enacted Nov. 3, 1966, P.L. 89-750, Title I, sec. 116, 80 Stat. 1198; redesignate Jan. 2, 1968, P.L. 90-247, Title I, secs. 108(a)(4), 110, 81 Stat. 786, 787; redesignated April 13, 1970, P.L. 91-230, sec. 113(b)(4), 84 Stat. 126; redesignate August 21, 1974, P.L. 93-380, sec. 101, 88 Stat. 499.

TITLE IV (P.L. 81-874)—GENERAL

ADMINISTRATION

SEC. 401.[1] (a) (Repealed).

(b) The Commissioner shall administer this Act, and he may mak such regulations and perform such other functions as he finds necessary to carry out the provisions of this Act.

(c) The Commissioner shall include in his annual report to the Congress a full report of the administration of his functions under thi Act, including a detailed statement of receipts and disbursement.

(20 U.S.C. 242) Enacted Sept. 30, 1950, c. 1124, P.L. 874, 81st Cong., sec. 7, 6 Stat. 1107; redesignated as Title III, sec. 301, April 11, 1965, P.L. 89-10, Title I sec. 3(c)(1), 79 Stat. 35; amended Nov. 3, 1966, P.L. 89-750, Title II, sec. 205, 8 Stat. 1212; subsection (a) repealed April 13, 1970, P.L. 91-230, Title IV, sec 401(f)(1) and superseded by sec. 422 of P.L. 90-247, Title IV, as amended (2 U.S.C. 1232a); redesignated June 23, 1972, P.L. 92-318, sec. 411, 86 Stat. 334.

USE OF OTHER FEDERAL AGENCIES; TRANSFER AND AVAILABILITY OF APPROPRIATIONS

SEC. 402. (a) In carrying out his functions under this Act, the Commissioner is authorized, pursuant to proper agreement with any other Federal department or agency, to utilize the services and facilities of such department or agency, and, when he deems it necessary or appropriate, to delegate to any officer or employee thereof the function under section 6 of making arrangements for providing free public education. Payment to cover the cost of such utilization or of carrying out such delegated function shall be made either in advance or by way of reimbursement, as may be provided in such agreement.

(b) All Federal departments or agencies administering Federal property on which children reside, and all such departments or agencies principally responsible for Federal activities which may occasion assistance under title I, shall to the maximum extent practicable comply with requests of the Commissioner for information he may require in carrying out the purposes of title I.

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[1] Title IV and section 401 of the Act of Sept. 30, 1950, P.L. 81-874. References in this title to Title I of the Elementary and Secondary Education Act of 1965, are to its original designation on enactment. "Title II" of Public Law 81-874.

Provisions of this title (as well as provisions of other acts) repealed by P.L. 91-230 are superseded by provisions of the General Education Provisions Act, as added by Title IV of P.L. 91-230, amendments to Title IV of P.L. 90-247.

(c) Such portion of the appropriations of any other department or agency for the fiscal year ending June 30, 1951, as the Director of the Bureau of the Budget determines to be available for the same purposes as title I, shall, except to the extent necessary to carry out during such year contracts made prior to the enactment of title I, be transferred to the Commissioner for use by him in carrying out such purposes.

(d) No appropriation to any department or agency of the United States, other than an appropriation to carry out this Act, shall be available for the employment of teaching personnel for the provision of free public education for children in any State or for payments to any local educational agency (directly or through the State educational agency) for free public education for children, except that nothing in the foregoing provisions of this subsection shall affect the availability of appropriations for the maintenance and operation of school facilities (1) on Federal property under the control of the Atomic Energy Commission or (2) by the Bureau of Indian Affairs, or the availability of appropriations for the making of payments directed to be made by section 91 of the Atomic Energy Community Act of 1955, as amended, or the availability of appropriations under the Act of April 16, 1934, commonly referred to as the Johnson-O'Malley Act (25 U.S.C., sec. 452).

(20 U.S.C. 243) Enacted Sept. 30, 1950, c. 1124, P.L. 874, 81st Cong., Title III, sec. 302, formerly sec. 8, 64 Stat. 1108; amended Aug. 8, 1953, c. 402, P.L. 248, 83d Cong., sec. 9, 67 Stat. 536; amended Aug. 4, 1955, c. 543, c. 11, P.L. 221, 84th Cong., sec. 202, 69 Stat. 485; amended Aug. 12, 1955, c. 868, P.L. 382, 84th Cong., sec. 1, 69 Stat. 713; amended Aug. 3, 1956, c. 915, P.L. 949, 84th Cong., Title II, sec. 210, 70 Stat. 972; amended Aug. 12, 1958, P.L. 85–620, Title II, sec. 204, 72 Stat. 560; redesignated and amended April 11, 1965, P.L. 89–10, Title I, sec. 3(c), 79 Stat. 35; amended April 13, 1970, P.L. 91–230, Title IV, sec. 401(c)(1), 84 Stat. 173. Repealed provision superseded by sec. 411 of P.L. 90–247, Title IV, as amended (20 U.S.C. 1231(a)); redesignated June 23, 1972, P.L. 92–318, sec. 411, 86 Stat. 334.

DEFINITIONS

Sec. 403. For the purposes of this Act—

(1) The term "Federal property" means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State or by the District of Columbia. Such term includes (A) except for purposes of section 6, real property held in trust by the United States for individual Indians or Indian tribes, and real property held by individual Indians or Indian tribes which is subject to restrictions on alienation imposed by the United States, (B) for one year beyond the end of the fiscal year in which occurred the sale or transfer thereof by the United States, any property considered prior to such sale or transfer to be Federal property for the purposes of this act, (C) any low-rent housing whether or not owned by the United States which is part of a low-rent housing project assisted under the United States Housing Act of 1937, section 516 of the Housing Act of 1949, or part B of title III of the Economic Opportunity Act of 1964, and (D) any school which is providing flight training to members of the Air Force under contractual arrangements

with the Department of the Air Force at an airport which is owned by a State or a political subdivision of a State. Such term also includes any interest in Federal property (as defined in the foregoing provisions of this paragraph) under an easement, lease, license, permit, or other arrangement, as well as any improvements of any nature (other than pipelines or utility lines) on such property even though such interests or improvements are subject to taxation by a State or political subdivision of a State or by the District of Columbia. Notwithstanding the foregoing provisions of this paragraph, such term does not include any real property under the jurisdiction of the Post Office Department and used primarily for the provision of postal services.

(2) The term "child," except as used in title II, means any child who is within the age limits for which the applicable State provides free public education.

(3) The term "parent" includes a legal guardian or other person standing in loco parentis.

(4) The term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State, except that for the purposes of title II such term does not include any education provided beyond grade 12.

(5) The term "current expenditures" means expenditures for free public education, including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay, and debt service, or any expenditures made from funds granted under title II of this Act or title II or III of the Elementary and Secondary Education Act of 1965.

(6) (A) For purposes of title I, the term "local educational agency" means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State. Such term includes any State agency which directly operates and maintains facilities for providing free public education.

(B) For purposes of title II, the term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school, and it also includes (except for purposes of sections 203(a)(2), 203(b), and 205(a)(1)) any State agency which is directly responsible for providing free public education for handicapped children (including mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education) or for children in institutions for neglected or delinquent children.

(7) The term "State educational agency" means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.

(8) The term "State" means a State, Puerto Rico, Wake Island, Guam, the District of Columbia, American Samoa, or the Virgin Islands, and for purposes of title II, such term includes the Trust Territory of the Pacific Islands.

(9) The terms "Commissioner of Education" and "Commissioner" means the United States Commissioner of Education.

(10) Average daily attendance shall be determined in accordance with State law, except that (A) the average daily attendance of children with respect to whom payment is to be made under section 3 or 4 of this Act shall be determined in accordance with regulations of the Commissioner, and (B) notwithstanding any other provision of this Act, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, for purposes of this Act the attendance of such child at such school shall be held and considered (i) to be attendance at a school of the local educational agency so making or contracting to make such tuition payment, and (ii) not to be attendance at a school of the local educational agency receiving such tuition payment or entitled to receive such payment under the contract.

(11) The term "county" means those divisions of a State utilized by the Secretary of Commerce in compiling and reporting data regarding counties.

(12) The term "construction" includes the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities.

(13) The term "school facilities" means classrooms and related facilities (including initial equipment) for free public education and interests in land (including site, grading, and improvements) on which such facilities are constructed, except that such term does not include those gymnasiums and similar facilities intended primarily for exhibitions for which admission is to be charged to the general public.

(14) The term "equipment" includes machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, and includes all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, and books, periodicals, documents, and other related materials.

(15) For the purpose of title II, the term "elementary school" means a day or residential school which provides elementary education, as determined under State law, and the term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade 12.

(16) For purposes of title II, the "average per pupil expenditure" in a State, or in the United States, shall be the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the computation is made (or if satisfactory data for that year are not available at the time of computation, then during the most recent preceding fiscal year for which satisfactory data are available, of all local educational agencies as defined in section 403(6)(B) in the State, or in the United States (which for the purposes of this subsection means the fifty States, and the District of Columbia), as the case may be, plus any direct current expenditures by the State for operation of such agencies (without regard to the source of funds from which either of such expenditures are made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year.

(17) For the purposes of title II, "excess costs" means those costs directly attributable to programs and projects which exceed the average per pupil expenditure of a local educational agency in the most recent year for which satisfactory data are available for pupils in the grade or grades included in such programs or projects (but not including expeditures for any comparable State or local special programs, for educationally deprived children or expenditures for bilingual programs or special education for handicapped children or children with specific learning disabilities, if such expenditures for bilingual education and special education are used to provide, to children of limited English-speaking ability and handicapped children, and children with specific learning disabilities who reside in title I project areas, services which are comparable to those provided to similarly disadvantaged children residing in nonproject areas).

(20 U.S.C. 244) Enacted Sept. 30, 1950, c. 1124, P.L. 874, 81st Cong., Title III, sec. 303, formerly sec. 9, 64 Stat. 1108; amended Aug. 8, 1953, c. 402, P.L. 248, 83d Cong., sec. 10, 67 Stat. 536; amended Aug. 1, 1956, c. 852, P.L. 896, 84th Cong., sec. 10, 70 Stat. 909; amended Aug. 3, 1956, c. 915, P.L. 949, 84th Cong., Title II, sec. 211, 70 Stat. 972; amended Aug. 12, 1958, P.L. 85–620, Title II, sec. 205, 72 Stat. 560; amended June 25, 1959, P.L. 86–70, sec. 18(d)(4), 73 Stat. 145; amended July 12, 1960, P.L. 86–624, sec. 14(d)(4), 74 Stat. 414; amended Oct. 16, 1964, P.L. 88–665, Title XI, sec. 1102(b), 78 Stat. 1109; redesignated, and amended April 11, 1965, P.L. 89–10, Title I, secs. 3(c)(1), 4(a)–(c), (d)(1), (e), 79 Stat. 35; amended Nov. 1, 1965, P.L. 89–313, sec. 6(c), 79 Stat. 1162; amended Nov. 3, 1966, P.L. 89–750, Title I, sec. 117(a)(1), (b), Title II, sec. 206, 80 Stat. 1198, 1199, 1213; amended Jan. 2, 1968, P.L. 90–247, Title II, sec. 201, 81 Stat. 806; amended April 13, 1970, P.L. 91–230, Title II, sec. 203(b), 84 Stat. 156. Amendment effective after June 30, 1970; redesignated June 23, 1972, P.L. 92–318, sec. 411, 86 Stat. 334; amended August 21, 1974, P.L. 93–380, sec. 101, 88 Stat. 501.

Elementary and Secondary Education Act of 1965

(P.L. 89–10)

Titles II, III, V, VII, and VIII

AN ACT To strengthen and improve educational quality and educational opportunities in the Nation's elementary and secondary schools

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Elementary and Secondary Education Act of 1965".

Appendix 2

federal register

TUESDAY, SEPTEMBER 28, 1976

THE NATIONAL ARCHIVES OF THE UNITED STATES • 1934 •

PART IV:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

■

FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES TO MEET THE SPECIAL EDUCATIONAL NEEDS OF EDUCATIONALLY DEPRIVED, NEGLECTED AND DELINQUENT CHILDREN

Reorganization

Title 45—Public Welfare

CHAPTER I—OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES TO MEET THE SPECIAL EDUCATIONAL NEEDS OF EDUCATIONALLY DEPRIVED AND NEGLECTED AND DELINQUENT CHILDREN

Reorganization

In accordance with Section 503 of the Education Amendments of 1972 (Pub. L. 92-318) and pursuant to the authority of Title I of the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. 241a, *et seq.*), a notice of proposed rulemaking was published in the FEDERAL REGISTER on March 11, 1975, (40 FR 11472) setting forth (a) in proposed 45 CFR Part 116, the general requirements for local and State educational agencies and certain other State agencies for participation in financial assistance provided under Title I of the Elementary and Secondary Education Act, and (b) in proposed 45 CFR Part 116a, specific requirements for the participation in such assistance of local educational agencies having jurisdiction over school districts or similar political subdivisions in their respective States.

Parts 116b, 116c, and 116d will be published separately.

At present there are no guidelines related to Parts 116 or 116a. Should such guidelines be issued in the future, they will be published in the FEDERAL REGISTER and will be limited to material in the nature of suggestions or recommended courses of action for meeting certain mandatory requirements set forth in the regulations.

1. *Program purposes.* Title I of the Elementary and Secondary Education Act, as amended, provides financial assistance to local educational agencies for programs to meet the special educational needs of educationally deprived children in low-income areas; to State agencies to meet the special educational needs of handicapped and neglected or delinquent children; and to State educational agencies for educational programs for migratory children of migratory agricultural workers or of migratory fishermen, and to such agencies for the administration throughout their respective States of financial assistance provided under Title I.

2. *Section 503 procedures and effect.* Section 503 of the Education Amendments of 1972 requires the Commissioner to study all rules, regulations, guidelines, or other published interpretations or orders issued by him or by the Secretary after June 30, 1965, in connection with, or affecting, the administration of Office of Education programs; to report to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives concerning such study; and to publish in the FEDERAL REGISTER such rules, regulations, guidelines, interpretations, and orders with an opportunity for public hearing on the matters so published. The regulations below reflect the results of this study as it pertains to the program under Title I of the Elementary and Secondary Education Act, as amended. All preceding rules, regulations, guidelines, and other published interpretations and orders issued in connection with or affecting Part 116 will be superseded when this regulation becomes effective.

3. *Effect of Office of Education General Provisions Regulations.* General fiscal and administrative rules for the programs are covered under the overall Office of Education General Provisions Regulations, published in the FEDERAL REGISTER at 38 FR 30654 (November 6, 1973), and now set forth in 45 CFR Parts 100–100c, in connection with the same study under Section 503 of the Education Amendents of 1972 of which this publication is a part. (Reference is made in particular to the provisions of Part 100b of Title 45 CFR, containing general provisions for State administered programs, which would be applicable to the programs under Title I of the Elementary and Secondary Education Act, as amended.)

4. *Reorganization of Part 116.* Part 116 has been limited to those provisions that are applicable to all grantees, including State educational agencies in their administrative capacities, under Title I of the Act. Also, a number of provisions have been deleted and are now incorporated in the Commissioner's general regulations in Part 100b of Title 45. Each of the four new parts contains provisions which are applicable to grantees in one of the four categories specified in the legislation, as follows: 116a—Local educational agencies, 116b—State agencies directly responsible for providing free public education for handicapped children, 116c—State agencies directly responsible for providing free public education for children in institutions for neglected or delinquent children, and 116d—State educational agencies as applicants for grants for educational programs and projects for migratory children of migratory agricultural workers or of migratory fishermen. Under the proposed five-part organization of the regulations, a grantee agency would be able to refer to Part 116 and the appropriate part designated for such agency.

5. *Amendments made by Pub. L. 93–380.* The regulation set forth below reflects and implements amendments made to Title I of the Elementary and Secondary Education Act by Pub. L. 93–380, the Education Amendments of 1974. In particular, the regulation makes conforming changes in, or additions to, the current regulation relating to allocation of funds; participation of children enrolled in private schools; special grants (part C of Title I); comparability; parent advisory committees; designation of project areas; use of funds for training; and other matters affected by Pub. L. 93–380. (Changes in the regulation to conform to Pub. L. 93–380 with regard to State agency programs to meet the special educational needs of handicapped children; neglected or delinquent children; and migratory children of migratory agricultural workers or of migratory fishermen will be published separately as parts 116b, 116c, and 116d, respectively.)

6. *Citations of legal authority.* As required by section 431(a) of the General Education Provisions Act (20 U.S.C. 1232 (a)) and section 503 of the Education Amendments of 1972, a citation of statutory or other legal authority for each section of the regulations has been placed in parentheses on the line following the text of the section.

On occasion, a citation appears at the end of a subdivision of the section. In that case the citation is to all that appears in that section between the citation and the next preceding citation. When the citation appears only at the end of the section, it applies to the entire section.

7. *Opportunity for public comment.* Pursuant to section 503(c) of the Education Amendments of 1972, the Commissioner provided interested parties an opportunity for a public hearing on the proposed regulations on April 10, 1975. The purpose of the hearing was to receive comments and suggestions on the published materials. Additionally, an opportunity was provided to submit written comments and suggestions. Written comments were received from officials in 26 States and 144 local educational agencies, representatives of eight organizations, and numerous individuals. Additionally, informal comments were received at three regional meetings for State administrators and at a national meeting for parents.

8. *Summary of comments and responses.* The following is a summary of pertinent comments relating to the language of the regulations and the responses setting forth changes which have been made in the regulations as a result of the comments, or the reason why no change is deemed necessary. Specific comments are arranged in order of the section of the regulation to which they pertain. Where the section number in the final regulations differs from that in the proposed rule, the proposed rule section number is also identified. Other changes made in the final regulations, not based on comments, appear after the comments and responses for each of the two parts.

PART 116

§ 116.2 *Definitions.* 1. *Comment.* Most of the comments on this section suggested changes to definitions that were taken directly from the statute.

Response. Although no changes could be made to these definitions as mandated by statute, to avoid further confusion, these definitions are now being incorporated by reference in § 116.2(b), rather than being restated or paraphrased. For the added convenience of the reader, the text of the Title I statute is included as an Appendix to the regulation.

2. *Comment.* A few commenters indicated a preference for a definition of "educationally deprived children" modelled on the definition of "educationally disadvantaged children" in section 417 (a)(2) of the General Education Provi-

sions Act (GEPA) which provides that for the purpose of the Secretary's Annual Report that term "* * * refers to children who are achieving one or more years behind the achievement expected at the appropriate grade level for such children."

Response. The requested change was not adopted. Although the definition in section 417(a)(2) of GEPA could have been adopted for use for children in regular school programs above grade 2, the below grade level standard it imposes would not have been suitable for the participation of preschool children, handicapped children, and children in institutions for neglected or delinquent children. Therefore, rather than having different standards for each type of child, the standard of "educational attainment . . . appropriate for children of their age . . .," which has the widest applicability to children served by local educational agencies (LEA) under Title I, was maintained. Since the definition of "educationally deprived children" only applies to the local educational agency program, it has been transferred to § 116a.2 of the regulation.

§ 116.3 *Participation of States—Comment*. Several commenters on this section requested more specificity in the content of the annual program plan.

Response. Since there is no intent at this time to add regulatory requirements to those applicable in Section 142 of the Title I statute and Section 434 of GEPA and Parts 100 and 100b of this chapter, no further specifications were added.

§ 116.4 *State administration and technical assistance—Comment*. Three commenters raised questions concerning whether the unused amounts of a State's allocation for State administration at the end of the period of availability of funds could be used for program purposes.

Response. No change was made in the regulations. Such allocations are available only for the proper and efficient administration of programs under Title I. The statute makes no provision for the reallocation of these funds to other agencies. Therefore, unused amounts from such allocations revert to the U.S. Treasury.

§ 116.5 *Approval by the State educational agency of applications from applicant agencies*. (Proposed § 116.6)—1. *Comment*. With respect to proposed paragraph (b), "Notice and opportunity for hearing," one commenter asked that the regulations require the State educational agency to inform the local educational agency of the reasons for which an application has been disapproved.

Response. This paragraph, now designated as (c), has been revised to incorporate such a provision.

2. *Comment*. With respect to proposed paragraph (d), "Availability to the public," two commenters recommended that parties interested in reviewing documents related to a project be required to request such documents from the local educational agencies before requesting such documents from the State educational agency.

Response. This requested change was not adopted. It was believed to be in the best interests of the general public information requirements of Title I and GEPA to allow interested parties the greatest amount of flexibility to obtain relevant information. Such parties may choose, for reasons of their own, such as the time and expense involved or the nature of their request, to contact the State educational agency rather than local educational agencies (and other applicant agencies).

§ 116.6 *Review and complaint procedures*. (Part of proposed § 116.7(b))—*Comment*. In general, with respect to complaints, a few commenters stated that the complaint procedures were difficult to find as part of the section on "Reports by State educational agencies," and recommended that a new separate section on complaint procedures be added. Some of these commenters suggested that this new section contain requirements that the State educational agency set up complaint procedures and submit them to the Commissioner within 120 days of the publication of this final regulation. It was requested that such procedures include:

(a) Provision of a hearing within thirty days of the filing of the complaint;

(b) An opportunity for the complainant to review or comment on the report filed by the applicant agency before the final disposition of the complaint; and

(c) The written communication of the disposition of the complaint and the basis for such disposition to the complainant within ninety days of the filing of the complaint.

Response. A new separate section requiring the establishment of complaint procedures has been set up as recommended. However, it was believed to be unnecessary to require the State educational agency to submit the procedures to the Commissioner, and therefore, in the interests of not requiring additional submissions, this suggestion was not adopted. Additionally, rather than requiring that a hearing be provided to every complainant, the State educational agency is only required to give the complainant the opportunity to present evidence. It was believed that the State educational agency should be given some flexibility in determining the manner in which such evidence is to be presented. The State educational agency may, of course, decide that, in a particular case, a hearing is necessary.

§ 116.7 *Reports by State educational agencies*.—1. *Comment*. A few commenters on paragraph (a), "Annual evaluation reports," stated that, the forthcoming change in the dates of the fiscal year as set forth in Pub. L. 93-344, whereby a fiscal year will run from October 1 to September 30 rather than July 1 to June 30 (beginning with fiscal year 1977) may make it impossible to prepare evaluation reports by November 15.

Response. The section has been revised to indicate that the evaluation report, as always, covers the usual period of a Title I program, the period from the beginning of the preceding regular school term through the end of summer following that term and, therefore, is not affected by the change in fiscal year. Consequently, the new fiscal year will not change the reporting period for the State evaluations. It should be noted that, in accordance with Section 151(g) of the Act, the Commissioner is required, no later than January 31 of each year, to report the results of the evaluations of Title I programs to the Congress, and therefore, in order to meet this requirement, the Commissioner must have the reports of the State educational agency by November 15.

2. *Comment*. Several commenters suggested that the State reports concerning complaints as set forth in paragraph (b), which are submitted to the Commissioner, also be furnished automatically to the complainant and the local educational agency.

Response. These comments are reflected in the last subparagraph of § 116.7. It should also be noted that, in accordance with § 116.45, any member of the public may request such reports from the applicant agency.

3. *Comment*. A commenter suggested that the State educational agency furnish the Commissioner with copies of any formal reports by an applicant agency concerning a complaint.

Response. This suggestion was not adopted. The regulatory provision requires that the State educational agency submit a report to the Commissioner which gives a summary of results of the investigation of a complaint and any hearings held concerning the allegation, and a statement of the disposition of the matter, and the reasons for the disposition. It does not seem necessary for the Commissioner to carry out his or her responsibilities to require initially reports by an applicant agency in every complaint. Of course, if the State educational agency's report is not sufficient, the Commissioner may request further information, including the report of the applicant agency.

4. *Comment*. Several commenters indicated the need for well defined deadlines applying to the handling of complaints and submitting of reports to the Commissioner by the State educational agency.

Response. The report section now includes a requirement that if a complaint cannot be handled within sixty days from the filing of the complaint, an interim report should be filed by the State educational agency with the Commissioner, explaining the status of the matter.

§ 116.19 *Maintenance of effort—Comment*. Two commenters raised questions as to whether the maintenance of effort requirement applied to private schools.

Response. No change was made in the regulations. The expenditures of private schools enrolling children participating in the Title I program are not included in the requirement of § 116.19, because such expenditures are not part of the "combined fiscal effort * * * of that (local educational) agency and the State with respect to the provision of free public education by that agency * * *." (emphasis supplied) as set forth in Section 143(c)(2) of the Act.

§ 116.30 *Planning grants.* (Proposed § 116.39)—*Comment.* A few commenters asked for clarification concerning the source of funds for planning grants.

Response. No change was made in the regulation. Any funds requested for a planning grant must be taken from the applicant agency's allocation. Planning expenditures are listed in Section 141(a)(1) of the Act as allowable expenditures along with other expenditures which come out of an applicant agency's Title I allocation. Additionally, the funds available for planning for any fiscal year which is set forth in Section 141(a)(1) of the Act, is limited by the size of the agency's allocation for that fiscal year.

§ 116.32 *Construction and equipment.* (Proposed § 116.38)—*Comment.* Several commenters wanted a more definitive treatment of the criteria to justify the use of Title I funds for construction or equipment.

Response. No change was adopted. Because of the varied nature of the projects, it would be difficult if not counterproductive to supply specific criteria. The first sentence of paragraph (a), contains a generally applicable standard that the acquisition of equipment and construction are allowable when such equipment or construction "is demonstrated as being essential to the success of a program or project under Title I of the Act." Any request for construction or equipment is an assertion by the applicant agency that the project cannot be accomplished with existing school facilities or equipment. Such a determination can be made initially on a case-by-case basis by the State educational agency which may request whatever information is necessary from the applicant agency to demonstrate that facilities other than those acquired with Title I funds are not available for use in its proposed project.

§ 116.33 *Reimbursement for expenses incurred by parent council members and volunteers.* (Proposed § 116.40)—1. *Comment.* Two commenters suggested that Title I funds be used to compensate council members or volunteers for loss of salary or wages.

Response. No change was made in the regulations. The general standards for allowable costs as set forth in Appendix B which applies to Title I through Part 100b of this chapter (see 45 CFR 100b.81), are that the costs "be necessary and reasonable" to the proper administration of the grant program. In only the most limited circumstances would the compensation of a council member be allowable as necessary to the operation of the council, and not subject to an audit exception. This matter would ultimately have to be judged on a case-by-case basis. The compensation of a volunteer is not consistent with the status of a volunteer.

2. *Comment.* Five commenters asked for clarification concerning the types of expenditures allowable under this section.

Response. No change was made in the regulations. Further specification in the regulations is considered inappropriate because it would be too restrictive to try to anticipate the numerous ways in which this question would arise. State educational agencies in reviewing project applications must determine on a case-by-case basis that the proposed activities for parent councils and volunteers are appropriate, likely to be effective, and are set forth in sufficient detail to determine whether the expenses incurred will be within the scope of the approved project. Guidance in general is provided in the cost principles contained in Appendix B to Part 100b of this chapter which states that the costs must be "necessary and reasonable for proper and efficient administration of the grant program."

§ 116.34 *Education aides.* (Proposed § 116.32)—*Comment.* Some commenters wished to have the required training directed to the aides and not to the professional staff they assist.

Response. No change has been made in the regulations. This section is taken directly from the statute, section 141(a)(12), which requires joint participation of both aides and professional staff when a title I project includes aides. Both professional staff and education aides may, of course, also receive separate training in accordance with the provisions of § 116.36, "Training."

§ 116.36 *Training.* (Proposed § 116.42)—*Comment.* Several commenters expressed concern that paragraph (b), "Supplementary training for specialists and classroom teachers," in the proposed § 116.42 might lead to widespread use of Title I funds for training that is not directly related to Title I programs.

Response. Appropriate changes have been made in the regulations to indicate more clearly that all training provided with Title I funds must directly relate to the Title I services provided to educationally deprived children and to the objectives of the Title I program serving such children.

§116.40 *Title I funds supplementary to State and local funds.* (Proposed § 116.30)—1. *Comment.* One commenter pointed out that the reference in subparagraph (a)(1), "General," to a project area was inappropriate since the paragraph is applicable not only to local educational agencies that have project areas, but also to State agencies that do not have such areas.

Response. The reference to project areas has been deleted.

2. *Comment.* Several commenters expressed concern about, or requested clarification of the term "ordinarily provided" as it was used in subparagraph (a)(2), particularly as it applied to State and locally funded compensatory programs.

Response. The clause containing this term was deleted. Since other provisions of the regulations clearly indicate that services generally provided for all children are not to be paid for from Title I funds there is no need for this clause. A similar provision has been inserted in § 116a.23(b)(10), and modified to address the issue of the use of Title I funds by local educational agencies when State and local funds are being used for purposes that are similar to those of Title I.

3. *Comment.* Several commenters disagreed with the prohibition in paragraph (b), "Services which applicant is required to provide," against using Title I funds to provide educational services in programs which are required by State law or by other Federal laws. The commenters felt that if Federal law or a court order required certain services, Title I funds ought to be made available to provide such services.

Response. No change was made. The prohibition in this paragraph, which is an application of the "supplement not supplant" concept, presumes that where the applicant is required by statutes or court order to provide certain services, such services would be provided in the absence of Title I funds. If a program mandated by State or Federal law receives sufficient State and local funding to meet the requirements of the appropriate law, then Title I money can be used to supplement the services available from such funding.

§ 116.41 *Relation of Title I projects to other programs.* (Proposed § 116.31)—*Comment.* Some commenters wanted a specific reference to community action agencies in paragraph (a) to make it clear that such agencies have an advisory role in reviewing an application.

Response. No change has been made. There is no basis in the statute for a regulation requiring a specific type of agency to be involved in the coordination and review process. Contrary to the assumptions made by several of these commenters, the statutory provision after which this section was modeled, section 803(c) of the Elementary and Secondary Education Act, does not require that any such agency have an advisory role in the development of Title I programs. Such agencies are, of course, considered to be among those which may be able to provide services that meet some of the needs of educationally deprived children and such agencies are among those whose review of the application would therefore be relevant. Each local educational agency is expected to avoid using Title I funds for services that could be supplied by another agency, including a community action agency.

§ 116.43 *Measurement of educational achievement and evaluation of programs.* (Proposed § 116.33)—*Comment.* Several commenters wanted to know whether the evaluation of educational achievement among private school children participating in a Title I program as set forth in paragraph (c) was the responsibility of the private school or the applicant agency.

Response. No further change was made in the regulations. The applicant agency as the grantee, must ensure that an evaluation of all projects serving Title I children, including those attending private schools, is conducted at least annually, consistent with Section 141(a)(6) of the Act.

§ 116.44 *Dissemination and utilization of results of educational research and demonstrations.* (Proposed § 116.34)—*Comment.* A few commenters suggested that this section, which provides for the dissemination of certain research information to teachers and administrators, be amended to include not only teachers and administrators but also parent council members in local educational agency programs.

Response. No change has been made in the regulation. This provision tracks the statutory provision in Section 141(a)(10) of the Act, which is written in general terms. It is expected that the specific training programs for local educational agency parent council members covered by § 116.36, "Training," would include the dissemination of appropriate research information. Additionally, such materials would be available to parent council members in local educational programs in accordance with § 116a.25(g).

§ 116.45 *Public information.* (Proposed § 116.35)—*Comment.* Five commenters wanted clarification on how long a local educational agency is required to keep information on Title I programs.

Response. To address these comments, a new sentence has been added to the regulations to specify that such information must be made available for five years after the completion of a Title I program or project or, in the case of an audit, until the resolution of such audit in accordance with Section 434(a) of the General Education Provisions Act.

OTHER CHANGES IN PART 116

1. Several typographical and technical corrections have been made and certain sections have been reorganized or renumbered.

2. A definition of "child or children" has been added to § 116.2(a) to conform to program administration.

3. A definition of "applicant agency" has been added in § 116.2 to simplify references to grantee agencies in Part 116.

4. Definitions in § 116.2 which were taken from the statute, have been eliminated and replaced by a cross reference to the statutory provisions. It should be noted that the text of the statute is attached.

5. In § 116.3(a), the assurances to be provided in the Annual Program Plan have been deleted and replaced by a cross reference to the statutory provisions.

6. In § 116.4(b), the specific amount of administrative funds has been deleted, and the statutory provision incorporated by reference.

7. A new paragraph (b) has been added to incorporate language in previous Title I regulations (before the publication of the General Provisions Regulations in Part 100 of the Chapter), which makes the effective date of an appplication the date on which the State educational agencies receives it in substantially approvable form. This provision, inadvertently removed from the Title I regulations, is consistent with the general rule for effective dates in § 100b.35 of this Chapter.

8. Section 116.5(c) adds a requirement that the notice of a decision from the review of an application given the applicant agency by the State educational agency, include the reasons for the proposed disapproval, in accordance with Section 425 of General Education Provisions Act.

9. The second sentence of § 116.7(a), concerning the content of State evaluation reports, was deleted pending the results of a study on uniform State evaluation models which is now being conducted by the Office of Education in accordance with Section 151(d) of the Act. Until the results of the studies are available, it is suggested that the evaluations include information on the types of educational and supportive services provided, parental involvement, the participation of public and private school children, the number and categories of staff employed, the nature and extent of the inservice training provided, a summary of the results of objective measurements of changes in the educational attainment of educationally deprived children who participated in programs and projects, and the results of research and replication studies conducted in the State pertaining to programs for educationally deprived children.

10. The last phrase of § 116.18, prohibiting Title I funds from being considered in the determination of State aid, has been reworded to clarify that Title I funds cannot be considered in such a way as to penalize an applicant agency in the amount of State aid it receives. This change would permit applicant agencies to be eligible for and receive additional State funds on the basis of their Title I eligibility.

11. A new paragraph (e) in § 116.19 clarifies the effect of the maintenance of effort provision on an applicant agency which derives ninety-five percent or more of its funds for education from Federal sources. Such agency will not be required to show maintenance of effort of State and local funds under this section.

12. Section 116.42(c) emphasizes that funds currently available through State and local categorical programs which are appropriate for funding components of the Title I programs must be utilized, rather than Title I funds.

13. Consistent with Section 141(b) of the Act, a new § 116.47, "Individualized educational plans" (formerly § 116a.22), has been added to Part 116 to apply to all Title I programs.

14. A new § 116.48, "Operational responsibilities" clarifies that the approval of an application does not relieve the applicant agency of the responsibility to carry out the Title I program in accordance with statutory and regulatory requirements.

PART 116a

§ 116a.1 *Applicability — Comment.* Commenters on paragraph (a), "Regulations for local educational agencies," suggested that it be reworded in line with the statutory requirement that Title I programs and projects be provided for educationally deprived children in school attendance areas with high concentrations of children from low-income families.

Response. This recommended change was adopted and the statutory language is being utilized.

§ 116a.5 *Allocation of county aggregate grants by State educational agencies*—1. *Comment.* Three commenters raised questions whether local educational agencies are required to provide Title I services for children in local institutions for neglected or delinquent children.

Response. The last sentence of paragraph (b) has been clarified to indicate that if a local educational agency receives an allocation based partially or wholly on the number of such children in accordance with Section 103(c)(1)(C) of the Act, then Title I services must be provided for them. If an approvable Title I program is not provided for such children by the local educational agency receiving the allocation based on such children, the State educational agency shall either assume the responsibility or find another agency to provide the services using that portion of the grant that was based on the number of such children, as is specified in Section 103(a)(3)(A) of the Act. If such services are not provided, then the funds attributable to such children are not available for other purposes and revert to the U.S. Treasury.

2. *Comment.* Commenters noted that the 1970 census data do not reflect the most current distribution of children from low-income families for the purposes of subcounty allocations, and that modifications should be made accordingly.

Response. Appropriate changes have been made. Paragraph (c), "Allocation of remainder of county grant," has been reworded to permit, but not require, the State educational agency to choose data other than the 1970 census, as the current data, as long as it is consistent with the purposes of Title I of the Act and approved by the Commissioner. The paragraph also now indicates the types of data considered acceptable.

§ 116a.10 *Further assistance to certain local educational agencies—Comment.* The commenters on this section were of the opinion that it departed from the intent of the statute (Section 101(a)(10) of Pub. L. 93-380), which is to raise the allocations of those local educational agencies which were held down to or raised to 85 percent of their previous year's allocations.

Response. This section has been revised to indicate that all such agencies would have their allocations raised to 90 percent of their previous year's funding. It should be noted that implementation of this section requires a separate Congressional appropriation.

116a.19 *Project applications—Comment.* Comments on this section were directed at the provision for the participation of children residing outside the project area with recommendations that it be deleted, because the need for Title I services within areas designated for projects is so great that the provision is unnecessary and counterproductive.

Response. This provision has been deleted. However, the authorization to serve educationally deprived children who reside outside of a project area has been rewritten for added clarity and is included in § 116a.22(b)(9), "Project description, size, scope, and quality." The added criteria in this provision are to further ensure that such children can only be included when their participation does not impair the effectiveness of the project for eligible children residing in the project areas, nor increase the cost of the project. It should be remembered that, even if the inclusion of children residing outside of the project areas meets these criteria, the local educational agency has the discretion to not serve such children.

§ 116a.20 *Selection of Title I attendance areas*—1. *Comment*. A number of commenters questioned the continuation of the requirement that Title I projects be located in areas with above-average concentrations of children from low-income families, suggesting that it be deleted.

Response. This requirement has been retained. Section 141(a)(1)(A) of the Act states that Title I funds be used for programs which are designed to meet the needs of "educationally deprived children in school attendance areas having high concentrations of children from low-income families." The regulatory requirement questioned is a reasonable interpretation of "high concentrations." Administrative experience indicates that such a requirement is a necessary one. Congress, in the legislative history to the Education Amendments of 1969 (Pub. L. 91-230) (Sen. Rept. No. 91-634, p. 9 (1970)), recognized that the selection and the use of Title I funds in proper project areas was an issue in which special Federal guidance and supervision was needed.

2. *Comment*. (a) Several commenters noted the change in paragraph (b)(2), "Eligibility of attendance areas," which designates project areas as school attendance areas in which 30 percent of the children are from low-income families. Some of those commenters said the provision should be deleted, since it gives the local educational agencies too much discretion.

(b) Others asked that the determination of the number of children from low-income families for this purpose be made on the basis of a more current criterion of poverty than that used in the latest Decennial Census.

Response. (a) The "30 percent" rule has been retained. This provision is consistent with the legislative history expressed in the House Report for the Education Amendments of 1974 (Pub. L. 93-380) (see House Rept. No. 93-805, pp. 16-17 (1974)) and in the legislative history to the Elementary and Secondary Education Amendments of 1966 (Pub. L. 89-750) (see House Rept. No. 1814, p. 3 (1966)).

(b) A new sentence has been added to the end of § 116a.20(b)(2) requiring that a determination of 30 percent incidence of poverty be made on the basis of data showing the eligibility of children to receive free lunches under the National School Lunch Act. School lunch data are the most current and most accessible data available for application to this provision.

3. *Comment*. Many commenters requested the addition of a specific provision for determining the eligibility of attendance areas on the basis of separate averages and separate rankings for elementary, middle or junior high, and high schools. For example, a local educational agency with one high school or an agency with several overlapping attendance areas for different grade spans could be prevented from providing Title I services to the children it considered most in need if only one district-wide average were used.

Response. Appropriate provisions have been added in a new subparagraph (b)(5) so that local educational agencies have greater discretion to select areas with high concentrations of children from low-income families and may, at their option, use separate averages and separate rankings by grade span in the selection of areas for projects.

4. *Comment*. A few commenters stated they considered the provision in paragraph (d), "Districts with no wide variance in the incidence of poverty," for determining whether a district has "no wide variance" in the number of children from low-income families (so a district-wide program could be conducted) to be too strict. The commenters recommended that the permissible variance based on one-third of the district-wide percentage be increased to one-half of that percentage, or that such variance be a fixed percentage regardless of the district-wide average. Several commenters approved of the one-third standard and requested that it be maintained.

Response. No change has been made in the regulations. The legislative history of Pub. L. 89-10, the Elementary and Secondary Education Act of 1965, which established Title I, indicated that only in limited circumstances may a whole school district be considered eligible as a "low-income area." (See Sen. Rept. No. 146, p. 9 (1965)). A further broadening of the "no-wide variance" standard would be inconsistent with this history, and with the requirement in Section 141(a)(1) that the areas selected have "high concentrations of children from low-income families."

§ 116a.21 *Needs assessment*—1. *Comment*. Of the many commenters on this section, several stated that a comprehensive needs assessment every year in accordance with paragraph (c) is unnecessary. Conversely, other commenters asked that the section on needs assessment be expanded to give more guidance on the information and analysis of the data necessary for an adequate needs assessment.

Response. As a result of these comments, this section has been extensively revised to give greater clarity on information to be gathered, and steps to be undertaken to use this data. Paragraphs on "Diagnostic Procedures" and "Consultation" have been added. Where feasible, the use of existing data is authorized, to ease the annual data-gathering burden on the local educational agencies. However, since eligible attendance areas may change every year, and annual evaluations required by the statute must be examined to make appropriate changes to the project, some data will probably need to be collected every year.

2. *Comment*. Some commenters felt that the emphasis on reading and mathematics was too restrictive and should be eliminated, while others felt it to be justified and suggested it be kept.

Response. Because of the disparity of viewpoints expressed, this emphasis has been altered in paragraph (a) to allow the local educational agencies more flexibility in performing their needs assessments. The provision in question is written in terms of giving emphasis to "the agency's basic programs of instruction."

3. *Comment*. Some commenters expressed the need for a requirement for objective needs measurement and the listing of specifications for such measures.

Response. No change was made in the regulations. Because of the disparity of viewpoints in this field, this area was felt better left to the expertise of the particular local educational agencies. The publication of guidelines on this subject in the FEDERAL REGISTER is being considered.

Whether or not a particular needs assessment is adequate to determine the needs for a particular project must be made on a case-by-case basis.

4. *Comment*. Several commenters felt that the term "dropout" was ambiguous and should be replaced by words which would more effectively refer to school age children not receiving an education.

Response. An appropriate change was made in paragraph (a) to include "children of school age not enrolled in a school."

5. *Comment*. Several commenters asked for a clarification of the requirement in the proposed § 116a.22(b) that only educationally deprived children be served who have the greatest need. These commenters suggested that a provision be added to give local educational agencies the discretion to also serve children residing in a project area who were served in the Title I project in the previous year who had made educational gains, and were no longer the children with the greatest need but who were still performing below the level appropriate for their age level.

Response. An appropriate addition was made in § 116a.21(e) to give local educational agencies the discretion to serve such children.

§ 116a.22 *Project description, size, scope, and quality*. 1. *Comment*. Some general comments submitted on § 116a.22 indicated that former paragraphs (b), "Children to be served," and (c)(1), "Needs to be served," should be clarified as they relate to each other and to § 116a.21, "Needs assessment."

Response. Accordingly, § 116a.22 has been rewritten to be more internally consistent and to provide a clearer indication of the relationship of Title I services to the educational needs of children identified in § 116a.21. Paragraph (a), "Project description," brings together requirements previously scattered throughout § 116a.22, which indicate what information should be in a local educational agency's project application. Paragraph (b) sets forth the standards by which the State educational agency will examine this data.

2. *Comment*. Several commenters protested the inclusion of proposed subparagraph (c)(2) which would make it clear that Title I services may be offered in the presence of non-participating children. These commenters objected that this subparagraph might be interpreted as allowing the use of Title I funds for the general aid of the school.

Response. A revision has been adopted in subparagraph (b)(8) to make it clear that, while Title I services may be provided for identified children in their regular classrooms or in other similar settings with other children present, Title I services must be directed only to the selected Title I eligible children.

3. *Comment*. A recommendation was made that in the proposed paragraph (d), "Size, scope, and quality," a reference to prior program evaluations be included as a basis for determining size, scope, and quality of the proposed programs.

Response. No change was made to this section. Prior program evaluations are to be taken into account in the needs assessment as specified by § 116a.21(a), and, therefore, are a part of the project design. These evaluations may also be used in determining the appropriate size, scope, and quality of the project, but it is left to the discretion of local educational agencies and State educational agencies as to whether it is actually to be used in the manner suggested.

4. *Comment*. A number of commenters objected to the last sentence of the proposed paragraph (d) requiring a justification for any Title I expenditures above the level normally expended by the local educational agency for any "comparable activities." They objected on the grounds that Title I funds are not to be used in any event for "comparable activities," which are paid for by State and local funds.

Response. The sentence has been deleted. It was intended to ensure that the levels of expenditure for personnel or materials for Title I activities are comparable to expenditures made by the local educational agency from State and local funds. However, its purpose is also covered by the preceding sentence concerning extravagant or imprudent expenditures, and the "supplement, not supplant" requirements of § 116.40.

§ 116a.23 *Participation by children enrolled in private schools*. 1. *Comment*. Two commenters were opposed to providing any services to non-public school children.

Response. No change was made in the regulation. This provision is derived directly from Sections 141(a)(2) and 141A of Title I.

2. *Comment*. Two commenters suggested that a precise definition of private schools be added to the Title I regulations.

Response. No such addition has been made. Any private elementary and secondary school as defined in Section 100.1 of this Chapter may be considered to be a private school for Title I purposes.

3. *Comment*. A high proportion of commenters on this section stated that the words "* * * therapeutic, remedial, or welfare services, health services, school breakfast for poor children and guidance counseling services * * *" used in paragraph (f), "Limitations on availability of services in other than public school facilities," may be misleading and in conflict with the requirements of the sections on "Needs assessment" and "Project design" because they place an undue emphasis on non-instructional services.

Response. No changes have been made. These illustrations are taken from the passages of the legislative history of Pub. L. 89-10 (Sen. Rept. No. 146, p. 12 (1965)), which form the basis for the provisions in question.

4. *Comment*. Many of the same commenters referred to in item 3 above also objected, for similar reasons, to the use of the words "dual enrollment, educational radio and television, and mobile educational services and equipment," in paragraph (a), "General requirements."

Response. These words are found in Section 141A(a) of the Act and have been retained.

5. *Comment*. Many commenters found the phrase in paragraph (a) "* * * a geographical area reasonably coterminous with the project area," to ambiguous and requested that it be clarified or deleted.

Response. The phrase has been deleted from the regulations. It was intended to apply primarily to Title I programs being conducted at private schools which serve children, nearly all of whom are from the project areas but with a few children residing just outside the project area, but the words "a geographical area, reasonably coterminous" were difficult to apply. Paragraph (9) of § 116a.22(b), "Size, scope, and quality," however, does provide for the participation of educationally deprived children not residing in eligible attendance areas, if such participation meets certain requirements including that it does not impair the effectiveness of the program for the participating children from the project areas for whom the project was designed.

6. *Comment*. Two commenters wanted paragraph (b) to provide that the local educational agency consult with official designees of private schools, rather than "persons knowledgeable" of the needs of private schools in making a determination of the special educational needs of private school children.

Response. No change was made in the regulations. The local educational agency is the grantee and is required by Section 141(a)(3) of the Act to maintain public supervision and control, and it was believed appropriate to give it flexibility to determine the appropriate persons to consult who are knowledgeable of the needs for Title I services by eligible private school children.

7. *Comment*. Two commenters requested that paragraph (d) be changed so that the local educational agency would be permitted to provide an assurance, rather than specific information, that it had conducted a needs assessment for private school children.

Response. No change was made to reflect this comment. The statute in Section 141(a) requires that Title I services be designed to meet the special educational needs of educationally deprived children in eligible areas, whether they be enrolled in public or private schools. To determine this, a needs assessment must be conducted for all such children and sufficient information put in a local educational agency's application to enable the State agency to determine that an adequate needs assessment was undertaken. To meet the requirement of "participation on an equitable basis for eligible private school children" in accordance with Section 141A of the Act, an equitable needs assessment and similar data would have to be presented for private school children as well as public school children and other types of children as indicated in § 116a.21(a).

8. *Comment*. Several commenters stated that the regulations should require that instruction in the basic skills be provided to private school children selected to participate in the project.

Response. Paragraph (d), "Design of projects," in § 116a.23 has been revised to incorporate by reference the requirements of § 116a.21 concerning needs assessment which requires in paragraph (a) that data on performance in the basic programs of instruction be considered for all children.

§ 116a.23–1 *Participation by children enrolled in private schools*—1. *Comment*. Several commenters noted the use of the term "equitable basis" in paragraph (c) and asked that it be amplified.

Response. No change was made in the regulations. The term is taken from Section 141A(b)(2) which speaks of a local educational agency that "* * * has substantially failed to provide for the participation on an equitable basis of educationally deprived children enrolled in private elementary and secondary schools * * *" General guidance for determining whether this provision is met is given in paragraphs (a), (b), and (c) of § 116a.23. As set forth in paragraph (c) of that section, a child enrolled in a private school who is selected to participate in a Title I program because of his or her special educational needs must receive Title I services that are "comparable in quality, scope, and opportunity for participation to those provided to public school children with needs of equally high priority." Beyond this, delineation of the standard is properly left to case by case determination.

2. *Comment*. A few commenters asked whether a State educational agency's entitlement to funds for the administration of the Title I program in its State under Section 143(b) of the Act would be decreased in the event that the Commissioner of Education withdrew a portion of the allocation for local educational agencies for the purposes of pro-

viding services for private school children in accordance with Section 141A of the Act.

Response. A clarifying statement has been added to § 116a.23-1(d) which indicates that a proportionate amount of State administrative funds may be deducted for this purpose except that no State may receive less than $150,000 in accordance with Section 143(b) of Title I. Section 141A(b)(3) provides that the arrangements necessary may be paid "from the appropriate allocation or allocations." Additionally, since Section 143(b)(1) of Title I requires the allocation to State educational agencies of "* * * 1 per centum of the amount allocated to the State and its local educational agencies," the withdrawal by the Commissioner of a portion of the allocations to one or more local educational agencies in a State would result in the reduction of the State's allocation under that section and a reduction in its administrative responsibilities.

3. *Comment.* Two commenters asked for clarification as to whether the State educational agency could have the authority to review any contracts the Commissioner may enter into as a result of exercising the by-pass provisions.

Response. While no change has been made in the regulations, it should be noted that, as stated in Section 141A(b)(3) of the Act, "When the Commissioner arranges for services pursuant to this section, he shall, after consultation with appropriate public and private school officials, pay the cost of such services from the appropriate allocation or allocations under this title." Officials of the State educational agency would be considered among the "appropriate public school officials" for this purpose.

§ 116.25 *Parent advisory councils*—1. *Comment.* A large number of commenters were opposed to the establishment of parent advisory councils at the school level, or were opposed to school advisory councils for small school districts or for schools receiving small Title I grants. The suggested definitions of a small grant ranged from $10,000 to $100,000 and the suggested levels for small school districts ranged from 3,000 to 10,000 enrolled students.

Response. No change has been made as a result of these comments. The requirement that there be councils at every school served is stated in Section 141(a)(14) of the Act. The regulations permit a local educational agency with less than 1,000 children enrolled in all project schools to have the district advisory council also serve as the council for each of its schools.

2. *Comment.* Three commenters suggested that the regulations mandate State parent advisory councils.

Response. Unlike other Federal programs in elementary and secondary education, there is no requirement in Title I of the Act for a State advisory council. Moreover, the nature of the Title I program is such that it would not be appropriate to require State advisory councils in order to increase the effectiveness of local programs. A State educational agency. is free to form a State parent advisory council if it finds such a council would increase the effectiveness of its administration of the Title I program.

3. *Comment.* One commenter wanted the State educational agency, in conjunction with appropriate consumer groups, to develop a specific list of required activities to be carried out by each parent advisory council.

Response. No change was made in the regulations. Paragraph (g), "Involvement of councils," already gives guidance as to the type of activities in which parent councils are to be engaged, consistent with Section 141(a)(14)(C) of the Act. In addition, paragraph (h), "Additional rules and procedures," permits the State educational agency to issue additional rules and procedures, not inconsistent with the regulations, which may be necessary to ensure the proper functioning of the parent councils. However, it is left to the discretion of the State agency as to whether such additional rules and procedures are adopted.

4. *Comment.* Eleven commenters wanted the regulations to restrict participation in selection of parent advisory council members to only those parents whose children were eligible to receive Title I services in a particular attendance area.

Response. No change has been made in the regulations. The current regulations regarding selection are taken directly from Section 141(a)(14)(B) of the Act which states that parent advisory council members must be "selected by the parents in each school attendance area." To further restrict the selection process would be inconsistent with Section 421(c)(2)(B) of the General Education Provisions Act.

5. *Comment.* Many commenters were concerned about the powers and authority of the parent advisory councils. Some commenters wanted the councils to have a "sign off" authority on the local educational agency's application. Other commenters strongly urged that the councils not be given such a "sign off" responsibility.

Response. No change has been made in the regulations. In accordance with Section 141(a)(14)(C), the councils have only an advisory function; they do not have the power to prevent the submission of an application by refusing to "sign off." However, since Section 141(a)(14)(C) of the Act requires the local educational agency to give the parent councils in its district "responsibility for advising it in the planning for, and the implementation and evaluation of * * * programs and projects," the local educational agency must insure that it has the advice of its councils on the application and on major decisions affecting the operation of such programs and projects.

6. *Comment.* Six commenters were concerned about the length of time for which the local educational agency is responsible for furnishing prior applications and evaluations of Title I projects. The commenters felt that the local educational agency should not be required to furnish all past applications and evaluations, some of which are ten years old.

Response. A reference to the availability of information requirements in § 116.45 has been added to subparagraph (g)(2) to indicate that such information has to be kept available for only 5 years after the completion of the relevant Title I project or until an impending audit has been completed and resolved.

7. *Comment.* Another commenter felt that the requirement to provide the advisory councils with relevant information and documents was already accomplished in proposed § 116.35, "Public information," and should not be repeated in § 116a.25.

Response. Paragraph (g) containing the requirements for the provision of information to councils has been streamlined and replaced by more general standards and a cross-reference to the "Public information" paragraph in § 116.45. However, because of the unique and important role of councils, the council members must be automatically furnished with certain specified documents, such as copies of the complete Title I statute and regulations, and the council must be furnished with the local educational agency's current application.

8. *Comment.* Several commenters wanted each council member to receive relevant information and documents rather than each advisory council, and recommended that paragraph (g) be revised accordingly.

Response. Subparagraph (g)(1) has been revised to indicate that several important documents must be provided to each council member. In order to assure effective participation by all the council members, each member will receive a copy of Title I of the Act, and the Federal and State regulations and guidelines. Copies of the other appropriate materials, such as the project application and periodic reports, which are issued frequently and tend to be lengthy, are to be furnished to each advisory council rather than each member.

9. *Comment.* Several commenters urged that parents employed by the local educational agency not be counted as part of the majority that are required to be parents of children to be served and that the regulations be amended accordingly.

Response. No change was made in the regulations. At this time, it is felt that this type of provision is best left to local discretion.

10. *Comment.* Four commenters were concerned about releasing the names of Title I parents for the purpose of having such parents considered for selection to parent councils. The commenters felt strongly that the confidentiality of the parents' names had to be maintained until and unless an individual parent consented to be identified.

Response. While this safeguard was already specified in the proposed paragraph (c), a new sentence was added in paragraph (c) to emphasize the principle of confidentiality with respect to parents eligible to serve on advisory councils.

11. *Comment.* Two commenters sought clarification as to the exact date when the local educational agencies

would be required to establish school advisory councils.

Response. No change was made in the regulations. Pub. L. 93-380, which requires school advisory councils, was enacted on August 21, 1974, and the requirement to establish school advisory councils was effective sixty days after the enactment (see Section 2(c) of Pub. L. 93-380). The local educational agencies were required, therefore, to form school advisory councils as soon as possible after the effective date.

12. *Comment.* Three commenters wanted the local educational agency to provide an assurance in its application that it was in compliance with the provisions of paragraphs (a) and (g) establishing parent councils rather than demonstrate in the application that it was in compliance with such provisions.

Response. No change was made in the regulations. By statute, the State educational agency is required to make a determination that the local educational agency has established parent councils in accordance with Section 141(a)(14) of the Act and, therefore, would need a brief description of the formation and operation of those councils.

13. *Comment.* Several commenters indicated some difficulty in interpreting the language used in subparagraph (a) (1) which referred to the majority membership of the parents of children "who participated in the program in the preceding year or will participate in the current year's program."

Response. This language has been clarified to indicate that parents of children who are participating in Title I during the current project year or who will be participating in the proposed program for the following project year (if determinable) must constitute the majority membership of the advisory council.

14. *Comment.* Several commenters suggested that paragraph (d) contain more specific methods of selecting parent advisory council members. These suggestions included: the selection of nonparent members by the parent members, the selection of all members by parents and staff in eligible schools, the required selection of district advisory council members from the membership of the school advisory councils, and the selection of parent advisory council members by an existing parent organization.

Response. No change has been made in the regulations. The proposed regulations were written both to conform with the specific requirements of the statute and to provide maximum flexibility for the State and local educational agencies to encourage parent involvement. The method of selection, therefore, is left to the discretion of the local educational agency (in consultation with the district advisory council) as to what it deems to be the most effective method of encouraging parent involvement, as long as such methods do not preclude or discourage participation by all parents in a project area in the selection of council members.

15. *Comment.* One commenter requested funds in addition to the existing Title I allocation to local educational agencies, to help maintain school parent advisory councils.

Response. No change was made in the regulations. The Commissioner does not have the authority to authorize a further appropriation without Congressional action.

16. *Comment.* One commenter wanted the regulations to require the State educational agency to provide staff to help the planning and coordination.

Response. No changes have been made in the regulations. Under Section 143(b) of the Act, the State educational agency is responsible for ensuring proper and efficient administration of the Act and under, such authority, may provide any technical assistance it deems necessary to local educational agencies to ensure the proper functioning of parent advisory councils. Moreover, local educational agencies under Section 141(a)(14) are considered to have the prime responsibility for the training of their advisory councils.

17. *Comment.* One commenter was concerned that compliance with proposed paragraph (d) to inform the general public of the time, place, and method of selecting council members would require enormous amounts of time and paper work.

Response. No change has been made in the regulations. Flexibility is given in determining the appropriate form of notice. It should be noted that notice to the public through conventional means of communication, such as local newspaper and media announcements would generally be satisfactory.

18. *Comment.* One commenter, in referring to proposed subparagraph (g) (6) which required a local educational agency to have adequate procedures for responding to parent complaints and suggestions, urged that all complaints be in written form and that no responses to complaints were needed. In addition, the commenter felt this requirement was an attempt by the Federal government to dictate local administrative practices.

Response. Subparagraph (g)(6), as proposed, has been deleted and relevant complaint procedures are now included in § 116.6. In order for the State educational agencies and the Commissioner to carry out their mutual administrative responsibilities, certain minimum standards of dealing with complaints are maintained.

§ 116a.26 *Comparability of services*—1. *Comment.* Several commenters stated that the date, October 1, which the Commissioner designated for determinations of comparability in Fiscal Years 1974 and 1975 was either too early for enrollments to be stabilized, or it failed to coincide with dates or periods established by the State for reports which include data related to comparability.

Response. The revised regulations in paragraph (c) enable each State educational agency to establish the date or reporting period for comparability purposes, not later than November 1, that best coincides with the date or period for State reports. To that extent, the State educational agency may take into account the stability of enrollments in setting the reporting date.

2. *Comment.* Several commenters urged that the averages for the comparability indicators from all of the Title I schools rather than each Title I school in a particular grade span be compared to the corresponding averages for all non-Title I schools.

Response. No change has been made in the regulations. In light of the legislative history (see particularly the Congressional debates in Cong. Rec. S. 4361, H. 2690 and H. 2692, daily eds. March 24, 1970, and April 7, 1970), this interpretation of the statute (Section 141(a)(3)(C)) was rejected. Such an interpretation would permit Title I services to be provided at schools that were grossly underfunded, provided there were compensating expenditures from State and local funds in other project area schools.

3. *Comment.* Several commenters indicated that the proposed rules did not recognize sufficiently the effect of school size on staff ratios and expenditures per pupil.

Response. Subparagraph (l)(4) has been added to allow a local educational agency to divide a grade span group into two size groups if a school in the grade span group has an enrollment that is at least two times that of another such school (The latter school must have an enrollment of over 100 students)

4. *Comment.* With respect to schools with enrollments of 100 or less, some commenters pointed out that schools with enrollments of five or ten children should not be compared with schools with enrollments of 90–100 children.

Response. Paragraph (k) has been revised to allow a local educational agency to file a statement of policies assuring comparability of the allocation of resources to schools having under 100 enrollment, rather than meeting comparability through a report as set forth in paragraph (b).

5. *Comment.* A number of commenters asked that the permissible variance of five percent from the comparability ratios (children per staff member and expenditures for instructional salaries less payments for length of service) based on the average of non-Title I schools be increased. Some of those commenters indicated that they are making such requests because of wide ranges in the sizes of the schools in their communities.

Response. While no changes were made in the permissible variance, the new division of schools by size detailed in the response to comment 3 of this section should, to some degree, serve to meet the objectives of those who wanted a change in the variance. It should be noted that the five percent variance is consistent with the decision in the relevant case of *Hobson* v *Hansen* 269 F. Supp. 401 (D.C.D.C. 1967), *aff'd. sub. nom.*, *Smuck* v *Hansen* 132 U.S. App. D.C., 372, 408 F. 2d. 175 (1969).

6. *Comment.* The provisions for reports on expenditure for materials and supplies contained in the proposed subparagraph (b)(7) were characterized by some commenters as "punitive," because

such reports have been required only of those local educational agencies which initially fail to demonstrate comparability. They also related their experience that such data are difficult to collect and maintain and, therefore, recommended that this requirement be deleted.

Response. This subparagraph has been deleted. However, subparagraph (h)(3) has been revised to include a statement of policy ensuring that the materials and supplies are distributed in a comparable manner. Because of the legislative history (see Sen. Rept. No. 91-634 pp. 14-15 (1970)), information concerning materials and supplies is a relevant part of the comparability requirements.

7. *Comment.* A few commenters recommended that a single measure of the comparability of services be adopted. Some of the commenters suggested the measure be the ratio of children enrolled to instructional staff. Still others suggested expenditures (for instructional salaries) per pupil. In both cases the commenters reasoned that a demonstration of an equitable preliminary allocation of resources, either in numbers of instructional staff or expenditures per child for instructional salaries, should be sufficient to determine that comparable services are being provided for project area schools.

Response. The regulation in this regard has been retained. The multiple standards are consistent with the legislative history (see Sen. Rept. No. 91-634, pp. 14-15 (1970)). Additionally, while a plan for allocating staff or funds among the schools of a local educational agency is important and perhaps a necessary management device, it is the actual delivery of those resources to individual schools that must form the basis for determinations of comparability.

8. *Comment.* One commenter suggested that only teachers, and not principals, librarians, and special instructional personnel be counted for the purposes of comparability since the last three categories of staff are frequently assigned on a school basis rather than on the basis of the number of children, a condition that frequently leads to adverse comparability determinations when project area schools are compared with nonproject area schools with considerably smaller enrollments.

Response. The size of school problem noted by this commenter has been taken care of by the addition of subparagraph (i)(3), as noted in response to comment 3 of this section. However, the categories of principals, librarians, and special instructional personnel have been maintained as relevant for comparability purposes since the Congressional debates on the subject indicate that Congress wanted information on a broader category of staff than merely classroom teachers (see the debates as cited in the response to comment 2 above). It is also felt that principals, librarians, and special instructional personnel do affect the quality of instructional services offered to students in Title I and non-Title I schools, and therefore, are relevant to comparability determinations.

9. *Comment.* Another commenter suggested that, for comparability purposes, certain staff members, particularly teacher aides, be counted at a fraction of their actual number. This commenter also expressed the need to permit different combinations of professional and paraprofessional staff without jeopardizing the comparability of some Title I schools.

Response. No change was made in the regulations. While the concern for allowing flexibility of staffing patterns for various schools is understandable, there is no recognized standard for converting a certain number of aides to an equivalent number of teachers. To some degree, this concern is met by the fact that levels of preparation are reflected in the expenditure per pupil (salaries less longevity).

10. *Comment.* A number of commenters questioned the need for the inclusion of data on expenditures for instructional staff based on length of service (longevity) as required by proposed subparagraph (b)(3), and on children, instructional staff, and expenditures for such staff as required by proposed subparagraph (b)(8) with respect to State and locally funded special or compensatory programs. Their comments were based on the fact that such data are not actually required for determinations of comparability.

Response. The proposed subparagraph (b)(3) has been deleted. Proposed subparagraph (b)(8) has been kept so that it may be used in assessing the effect of such exclusions on determinations of comparability.

11. *Comment.* A group of commenters from one State requested that recognition be given to the provisions of their State's financial aid plan which requires a high degree of equalization with respect to funding not only on an interdistrict basis but also on a school by school basis. The same State's formula for determining equalization also includes the use of various weighting factors for different types of children and for children at different grade levels.

Response. In light of these comments, changes were made in subparagraph (b)(1), to permit the weighting of actual enrollments in accordance with the weightings indicated by State or local school finance plans provided such weightings are reasonable and uniformly applied.

12. *Comment.* A few commenters asked whether the provisions concerning revised comparability reports required that all data on such a report be as of the same date.

Response. Additional language has been supplied in subparagraph (f)(1) to make it clear that revised comparability reports must contain data as of one date, the date that the reallocation of resources actually takes effect.

13. *Comment.* One commenter recommended that a resolution of the board of the local educational agency be accepted as the evidence of the reallocation of personnel that is required when submitting a revised report and that an appropriate change be made to the regulations.

Response. No such change was made in the regulations. Comparability is measured in terms of the status of services at points in time. Comparability based on intention is an incomplete measure of actual services at any one point in time; a resolution showing intent to provide comparable services is not a measure of the actual services.

14. *Comment.* A few commenters objected to the requirement that State and locally funded services for handicapped children or for bilingual programs for children with limited English-speaking ability must be provided in project areas on a basis comparable to that for nonproject areas if expenditures for such services are excluded from a determination of average per pupil expenditure. They suggested that this requirement in proposed paragraph (j) be deleted.

Response. No change has been made in the regulations. This "comparability type" requirement appears in the definition of "excess costs" in the statute (Section 403(17) of Pub. L. 81-874) and is applied to the comparability requirements of Section 141(a)(3)(C) on the basis of the legislative history (See House Rep. No. 93-805, pp. 17-18 (1974); and Sen. Rept. No. 93-1026, p. 147 (1974)).

15. *Comment.* Another commenter on the provisions for the exclusion of State and local funds for handicapped children requested that, in the case of part-time classes, provision be made for adjustments in the number of children reported as enrolled so as to reflect the fact that such handicapped children were also being served part-time in regular classes.

Response. The provisions of subparagraph (j)(2) have been adjusted accordingly to allow the exclusion requested.

16. *Comment.* One commenter objected to the provision in subparagraph (f)(3) regarding the case of a finding of noncomparability after December 1 that Title I funding for the local educational agency would be suspended as of the date of the finding. The commenter recommended that the local educational agency be given thirty days to make the necessary changes and file a revised comparability report.

Response. The regulation has been modified, taking into account this concern. No time limit has been set. However, the regulation now states that if "prompt" action is taken to correct the non-compliance, there will be no suspension of the approval. Whether a local educational agency acted "promptly" to correct its non-compliance status would have to be determined on a case-by-case basis depending on such factors as the amount of corrective action needed, the size of the school district, and the compliance history of that district for that year.

17. *Comment.* One commenter asked that consideration be given to counting children in less than full-day kindergarten programs on a full-time equivalency basis.

Response. Recognizing the special nature of kindergarten programs, appropriate language has been provided in subparagraph (b)(1) to allow part-time kindergarten children to be counted on a full-time equivalency basis.

OTHER CHANGES IN PART 116a

1. Several typographical and technical corrections were made. Additionally, various changes were included as a means of clarification.

2. As indicated in the summary of comments on § 116.2, the definition of "educationally deprived children" is now included in § 116a.2. Conforming changes have been made to make it suitable to the local educational agency program.

3. In § 116a.5(b), the final sentence has been modified to indicate that, consistent with Section 144 of the Act, the amount of a Title I allocation attributable to children in a local institution is not available for reallocation. Another sentence was added concerning the length of the stay of children in institutions for allocation purposes.

4. In § 116a.11(a), a new subparagraph (4) was added for the purpose of defining "maximum grant" as used in this subsection for the purpose of clarity.

5. Section 116a.13 of the notice of proposed rulemaking has been deleted, since Section 101(a)(4)(B) of Pub. L. 93-380 repealed Part C of Title I as of July 1, 1975. Accordingly, proposed § 116a.14 has been renumbered § 116a.13.

6. A phrase has been added in § 116a.-20(d) to emphasize that the use of the "no-wide variance" provision by a local educational agency, which meets the appropriate standards, is optional.

7. In § 116a.20(f), the number of children eligible to receive benefits under the National School Lunch Act has been added as a possible indicator of the number of children from low-income families for specified purposes.

8. As indicated in the comments on § 116.40, the provision concerning services "ordinarily provided" with State and local funds is now found in § 116a.22(b)(10), and modified to address the use of Title I funds when State and local funds are providing services that are similar to those provided under Title I.

9. Provisions in the proposed § 116a.-23(f) which pertained to the use of equipment on private school premises have been moved to § 116.36.

10. § 116a.23-1(e) has been shortened and now incorporates by reference statutory provisions in Section 141A(b)(4) of the Act for review by the Court of Appeals of the Commissioner's actions under this section of the regulations and Section 141A of the Act.

11. In § 116a.25(a), subparagraphs (5) and (6) have added provisions to insure that operating procedures and coordination among parent councils have been provided.

12. Paragraph (c) of § 116a.25 has been modified to indicate that the local educational agency shall consult with the district council in establishing procedures to identify parents eligible for membership.

13. In § 116a.25(d), provisions have been added to indicate, where appropriate, that a local educational agency shall consider the publication of notices for elections in a language other than English; and to indicate that district advisory council members shall reside in the district and school members shall reside in the attendance area of that school.

14. In subparagraph (i)(1) of § 116a.-26, a sentence has been added to indicate that schools serving eight or more grades may be considered as a separate grade span group for the purposes of determining comparability.

15. A new final paragraph (o) has been added to § 116a.26 which excludes from the comparability provisions, local educational agencies receiving ninety-five percent or more of their funds from Federal sources. This exclusion parallels § 116.19(e) in the maintenance of effort provisions.

Effective date: Pursuant to Section 431(d) of the General Education Provisions Act, as amended, (20 U.S.C. 1232(d)) these regulations have been transmitted to the Congress concurrently with the publication of this document in the FEDERAL REGISTER. That section provides that regulations subject thereto shall become effective on the forty-fifth day following the date of such transmission, subject to the provisions therein concerning Congressional action and adjournment.

(Catalog of Federal Domestic Assistance Program Numbers 13.427, Educationally Deprived Children-Handicapped (Pub. L. 89-313); 13.428, Educationally Deprived Children-Local Educational Agencies; 13.429, Educationally Deprived Children-Migrants; 13.430, Educationally Deprived Children-State Administration; 13.431, Educationally Deprived Children in State Administered Institutions Serving Neglected or Delinquent Children)

Dated: May 26, 1976.

T. H. BELL,
U.S. Commissioner of Education.

Approved: September 16, 1976.

DAVID MATHEWS,
Secretary of Health, Education, and Welfare.

PART 116—FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES AND STATE AGENCIES TO MEET THE SPECIAL EDUCATIONAL NEEDS OF EDUCATIONALLY DEPRIVED, HANDICAPPED, MIGRANT, AND NEGLECTED AND DELINQUENT CHILDREN—GENERAL PROVISIONS

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AUTHORITY: Sec. 2, Pub. L. 89-10, 79 Stat. 27, as amended, (20 U.S.C. 241a-241m, 243, 244), unless otherwise noted.

Subpart A—Scope

§ 116.1 Applicability.

(a) *Other Title I regulations.* The regulations in this part are applicable to all programs conducted under Title I of the Elementary and Secondary Education Act of 1965, for which regulations are contained in Parts 116a, 116b, 116c, and 116d of this chapter.

(b) *General provisions regulations for Office of Education programs.* Assistance provided under this part is subject to applicable provisions contained in Parts 100, 100b, and 100c (and relevant appendices) of subchapter A of this chapter (relating to fiscal, administrative, property management, and other matters).

(c) The text of the Title I statute is contained in full in the Appendix to this part.

(20 U.S.C. 241a)

§ 116.2 Definitions.

(a) As used in this part and in Parts 116a, 116b, 116c, and 116d (except as otherwise indicated in those parts)—

"Act" means the Elementary and Secondary Education Act of 1965 (Pub. L. 89-10) as amended. Title II of Pub. L. 874, 81st Congress, which was added by Title I of said Elementary and Secondary Education Act of 1965, is hereinafter in this part referred to as Title I.

(20 U.S.C. 241a)

"Applicant agency" means a local educational agency that applies for a grant under Part 116a, a State agency that applies for a grant under Part 116b, or Part

116c; and a State educational agency that applies for a grant under Part 116d.

(20 U.S.C. 244(6)(B))

"Child or children" except where otherwise specified means a person or persons not above 21 years of age who, under State law, are entitled to free public education which is provided as elementary and secondary education, not above grade 12. The term also includes a person or persons who are of preschool age.

(20 U.S.C. 241c-2, 241e(a)(1).)

(b) As used in this part, and in Parts 116a, 116b, 116c, and 116d (except as otherwise indicated in those parts) the following terms have the meaning given to them in section 403 of Pub. L. 81-874 (20 U.S.C. 244) which is set forth in the appendix to this part:

Average daily attendance
Average per pupil expenditure
~~Commissioner~~
Construction
County
Current expenditures
Elementary school
Equipment
Excess costs
Federal property
Free public education
Local educational agency
Parent
School facilities
Secondary school
State
State educational agency

(20 U.S.C. 241a, 244.)

Subpart B—Duties and Functions of State Educational Agencies

§ 116.3 Participation of States.

(a) *Required submissions.* Any State desiring to participate under Title I shall submit through its State educational agency to the Commissioner a general application and an annual program plan as set forth in section 434(b)(1)(A) and 434(b)(1)(B) of the General Education Provisions Act and the regulations in Part 100b of this chapter. However, with respect to the program described in Part 116d relating to migratory children of migratory agricultural workers or fishermen, subparagraph (1) does not apply. The annual program plan shall include: (1) The assurances required by Section 142(a) (1) and (3) of Title I;

(2) An assurance that the State educational agency will comply with Title I and the regulations in this part and the applicable provisions of Parts 116a, 116b, 116c, and 116d of this chapter;

(3) A statement describing the purposes for which Federal funds will be expended under Title I during the fiscal year for which the annual program plan is submitted; and

(4) A certificate by the appropriate State legal officer to the effect that the agency submitting the plan has the authority under State law to perform the duties and functions of a State educational agency under Title I and the applicable regulations, including those arising from the assurances given.

(b) *Approval by the Commissioner*—(1) *Determinations of the Commissioner.* The Commissioner will approve each annual program plan to participate in the grant program under Title I, submitted by a State through its State educational agency, if the Commissioner determines that the plan meets the requirements of the applicable provisions of Title I and the regulations in this part and Parts 116a, 116b, 116c, and 116d. The Commissioner will not finally disapprove (in whole or in part) such State program plan with regard to Title I except after reasonable notice and opportunity for a hearing.

(20 U.S.C. 241f(b), 1232c.)

§ 116.4 State administration and technical assistance.

(a) *General.* The State educational agency for a State for which the Commissioner has approved a plan, as specified in § 116.3(b), shall be responsible for the proper and efficient performance of the duties of such agency under Title I including compliance with its assurances to the Commissioner and the provision of technical assistance to local and State agencies with respect to the measurements and evaluations such agencies are required to submit pursuant to such Title.

(b) *Amount available for administration.* Each State educational agency is entitled to receive for each fiscal year an amount equal to the amount expended by it for performance of its duties under this section but not to exceed the amounts set forth in section 143(b) of Title I.

(20 U.S.C. 241g, 1232c)

§ 116.5 Approval by State educational agency of applications from applicant agencies.

(a) *Review by State educational agency.* The State educational agency shall review all applications by applicant agencies except for an applicant agency under Part 116d. The State educational agency shall not approve an application (1) for an amount which together with amounts of other approved applications by that agency, exceeds the amount available for grants to that agency determined in accordance with Title I or (2) unless it has determined that the application meets all of the applicable requirements of Title I and the regulations.

(b) *Effective date of approved application.* Projects approved pursuant to paragraph (a) of this section shall be considered to be in effect as of the date on which the application was submitted in substantially approvable form. In no event shall such date be earlier than the first day on which the funds being applied for become available for obligation, or the effective date of the State educational agency's annual program plan.

(c) *Notice and opportunity for hearing.* The State educational agency shall not finally disapprove any application in whole or in part without first affording the applicant agency reasonable notice and opportunity for a hearing with respect to such action in accordance with the requirements of section 425 of the General Education Provisions Act. Such notice shall include the reasons for the proposed disapproval. A hearing shall be held by the State agency 30 days after it receives a request from the applicant agency. If the State educational agency decides not to rescind its final action, it shall give notice of the decision to the applicant agency in writing, stating its reasons and indicating the right to appeal to the Commissioner within twenty days of the receipt of the notice.

(d) *Appeal.* An applicant agency aggrieved by the final action of a State educational agency shall be given the opportunity for an appeal to the Commissioner as set forth in section 425 of the General Education Provisions Act.

(e) *Availability to the public.* Each application of a local educational agency or a State agency for a grant under Title I; the related documents referred to in Parts 116a, 116b, 116c, and 116d; and the evaluation and other reports referred to in such parts, shall be made available to the public by the State educational agency in the manner prescribed by § 116.35.

(20 U.S.C. 241e(c), 241f, 1231b-2, 1231d)

§ 116.6 Review and complaint procedures.

The State educational agency shall establish procedures for investigating complaints alleging violations of Title I or the regulations for that Title including:

(a) Procedures to carry out section 425 (a) and (c) of the General Education Provisions Act and § 116.5(c); and

(b) Procedures for resolving the complaints of parents and other individuals and organizations, including:

(1) Specific time limits for investigation and resolution of complaints, not normally to exceed 60 days;

(2) An opportunity for the complainant to present evidence to the State educational agency; and

(3) Dissemination of information concerning procedures under this paragraph to interested parties, including parent advisory councils.

(20 U.S.C. 241f(a)(3), 1231b-2, 1231d)

§ 116.7 Reports by State educational agencies.

(a) *Annual evaluation reports.* Following the close of each fiscal year and no later than November 15 of the next fiscal year, the State educational agency shall submit to the Commissioner reports evaluating the effectiveness of programs and projects under Title I in meeting the special educational needs of participating children during the preceding school year and the following summer period. In addition to the State annual evaluation reports required by this paragraph, each State educational agency shall submit evaluation reports for two applicant agencies applying under Part 116a, including one for such an agency whose allocation for funds under Title I of the Act for the current fiscal year is among the five highest in the State.

(b) *Reports concerning complaints.* The State educational agency shall report to the Commission on the disposition of all complaints filed and reviewed pursuant to the procedures developed under § 116.6. Reports shall be made as follows:

(1) *Interim reports*. In any case, where the complaint has not been fully investigated and resolved by the expiration of a 60-day period, the State educational agency shall report at that time, the substance of the complaint to the Commissioner along with an explanation of its status;

(2) *Final reports*. In the case of a complaint which has been fully investigated, the State educational agency shall submit a report to the Commissioner which includes at least:

(i) The substance of any allegation and the name of the individual citizen, private organization or local educational agency making the allegation;

(ii) A summary of the results of the investigation and any hearings held concerning the allegation; and

(iii) A statement of the disposition of the complaint by the State educational agency, giving the reasons for such disposition.

(3) *Copies to be sent*. The State educational agency, upon sending its report to the Commissioner, shall send copies thereof to the appropriate applicant agency and the complainant.

(20 U.S.C. 241f(a)(3)(B), 1231(a), 1232c)

Subpart C—Payments

§ 116.17 Payment procedures.

The Commissioner will make all payments of Title I funds in accordance with the requirements of Title I, the regulations of this part and applicable provisions of Parts 116a, 116b, 116c, and 116d, the requirements of Section 435 of the General Education Provisions Act and the provisions set out in Subpart E of Part 100b of this chapter.

(20 U.S.C. 1232d)

§ 116.18 Title I funds not to be considered in determining State aid.

No payments by the Commissioner under Title I will be made to a State for any fiscal year in which the State has taken such payments into consideration in determining the eligibility of an applicant agency for State aid, or in determining the amount of that aid for the free public education of children in such a way as to penalize the applicant agency with respect to the availability of State funds.

(20 U.S.C. 241g(c)(1))

§ 116.19 Maintenance of effort.

(a) *General requirement*. No payments under Title I for any fiscal year may be made by the State educational agency to an applicant agency unless the State educational agency finds that the combined fiscal effort of that applicant agency and the State with respect to the provision of free public education by that applicant agency for the preceding fiscal year was not less than such combined fiscal effort for that purpose for the second preceding fiscal year.

(b) *Measurement of combined fiscal effort*. For purposes of this section, combined fiscal effort by an applicant agency shall be measured by the amount of the current expenditures per pupil by the applicant agency other than expenditures from funds derived from Federal sources for which the applicant agency is required to account to the Federal Government directly or through the State educational agency; such as funds under Titles I, II, III and IV of the Act, Titles III and V of the National Defense Education Act of 1958, the Johnson-O'Malley Act, and the Economic Opportunity Act of 1964. A combined fiscal effort in the preceding fiscal year shall not be deemed to be a reduction from that in the second preceding fiscal year unless the per pupil expenditure in the preceding fiscal year is less than that in the second preceding fiscal year by more than 5 percent. Any such reduction in the combined fiscal effort by an applicant agency for any fiscal year by more than 5 percent will disqualify the applicant agency unless the agency is able to demonstrate to the satisfaction of the State educational agency that such a reduction was occasioned by an unusual event, such as the removal of a large segment of property from the tax rolls, that could not have been fully anticipated or reasonably compensated for by the applicant agency and a diminished fiscal effort on the part of that agency is not otherwise indicated.

(c) *An applicant agency which receives substantial Federal funds*. An applicant agency receiving at least 95 percent of its funds for education from Federal sources will not be required to meet the provisions of this section.

(20 U.S.C. 241g(c)(2))

§ 116.20 Withholding by the Commissioner.

(a) *Nonconformity*. Whenever the Commisioner, after reasonable notice and opportunity for a hearing to any State educational agency, finds that there has been a failure to comply substantially with any assurance set forth in regard to Title I of the Act in the annual program plan of that State, he will notify the agency that further payments will not be made to the State under Title I of the Act (or, in his discretion, that the State educational agency will not make further payments under Title I of the Act to specified applicant agencies affected by the failure) until he is satisfied that there is no longer any such failure to comply. Until the Commissioner is so satisfied, further payments under Title I of the Act will not be made to that State or payments by the State educational agency will be limited to payments to applicant agencies not affected by the failure, as the case may be.

(b) *Suspension*. The remedy of suspension pending termination as provided in section 434(c) of the General Education Provisions Act may be invoked in connection with a termination under this section.

(c) *Attempts to resolve differences*. Prior to initiating a hearing under this section, the Commissioner will attempt to resolve promptly any apparent differences with the State educational agency regarding the interpretation or application of the provisions of Title I of the Act and the pertinent regulations.

(20 U.S.C. 241(j), 1232c(c), (d))

Subpart D—Provisions Relating to Use of Funds for Particular Purposes

§ 116.30 Planning grants.

An applicant agency may apply for a grant in an amount not exceeding one percent of the maximum grant it is eligible to receive or $2,000, whichever is greater, for planning during the current fiscal year, provided that (a) such planning was, or will be, directly related to programs or projects to be carried out under Title I of the Act and has resulted, or is reasonably likely to result, in a program which will be carried out under that Title, and (b) such planning funds are necessary for that purpose because of the innovative nature of the program or project or because the local educational agency lacks the resources necessary for adequate planning for programs or projects to be carried out under Title I.

(20 U.S.C. 241(e)(a)(1) and (8).)

§ 116.31 Cooperative projects.

Two or more applicant agencies eligible for grants under Title I of the Act may apply for a grant for a single project (including a planning project) to be carried out jointly in accordance with arrangements between or among such educational agencies.

(20 U.S.C. 241e(a)(1))

§ 116.32 Construction and equipment.

(a) *General*. An application for a project grant under Title I may include the acquisition of equipment or the construction or remodeling of school facilities only if it is demonstrated as being essential to the success of a program or project under Title I. Each application shall describe the need for such equipment or construction, in addition to other equipment or facilities previously acquired or constructed by the applicant with funds under Title I and for which the applicant is accountable, in connection with the proposed project. The applicant shall further describe how all such equipment or facilities will be used. If the construction of school facilities is so demonstrated as being essential for a program or project, the application must nevertheless comply with other requirements of Title I and the regulations in this chapter, such as the requirements in Subpart K, Part 100b of this chapter in regard to labor standards and overall State construction planning and, in relation to the overall program, the limitations in § 116a.23(f) in regard to participation by children enrolled in private schools.

(b) *Prohibition against maintaining isolation*. The State educational agency shall not approve a project involving construction of school facilities if it finds that such construction would tend to maintain the racial, cultural, or linguistic isolation of children.

(20 U.S.C. 241e(a) (1) and (4), 1232b)

§ 116.33 Reimbursement for expenses incurred by parent council members and volunteers.

Members of parent councils and volunteers not receiving regular compensation under Title I may be reimbursed from Title I funds for personal expenses directly attributable to the performance of their duties and functions as set forth in approved applications.

(20 U.S.C. 241e(a) (14), 1231d)

§ 116.34 Education aides.

An application for a project which involves the use of education aides shall include evidence that the applicant agency has provided, or will provide, a coordinated program of training in which the aides participate together with the professional staff whom they will assist.

(20 U.S.C. 241e(a) (12))

§ 116.35 Staffing for programs and projects.

Payment of Title I funds may be authorized for the employment of the personnel required to provide specific services set forth in approved Title I applications. Such applications shall state the number and types of personnel to be employed.

(20 U.S.C. 241e(a) (1))

§ 116.36 Training.

Payment of Title I funds may be authorized for pre-service and in-service training of persons identified in this section.

(a) *Scope of training.* Such training must be directly related to: (1) The services which such persons will perform during the same project year in connection with an approved program or project under Title I; and

(2) Their needs for the development of competencies required if the program or project is to be effective in meeting the special educational needs of the identified children to be served in the program or project. Such training must be coordinated with any other training being provided in connection with the program or project.

(b) *Eligible persons.* Such training may be provided for:

(1) Title I staff members, Parent Council members, and volunteers who are engaged to perform specific services related to approved programs or projects;

(2) Non-Title I staff specialists who will be dealing solely with children to be served by the Title I projects, and regular classroom teachers of such children; and

(3) The principal of a school for which a Title I program or project has been approved.

(20 U.S.C. 241e(a) (1), (12), and (14), 1231d; House Report No. 93-805, p. 17 (1974), Sen. Report No. 93-1026, p. 144 (1974).)

§§ 116.37–116.39 [Reserved]

Subpart E—Requirements for Applicant Agencies

§ 116.40 Title I funds supplementary to State and local funds.

(a) *General.* (1) Each application by an applicant agency for a grant under Title I shall contain an assurance that the use of the grant funds will not result in a decrease in the use (for educationally deprived children) of State or local funds which, in the absence of funds under Title I, would be made available for the education of such children, and that such children will not otherwise be penalized in the application of State and local funds because of such a use of funds under Title I.

(2) No project under Title I shall be approved unless Federal funds made available for that project (i) will be used to supplement, and to the extent practical, increase the level of State and local funds that would, in the absence of such Federal funds, be made available for the education of pupils participating in that project; (ii) will not be used to supplant State and local funds available for the education of such pupils; and (iii) will be used solely to pay the excess costs of programs and projects assisted under Title I.

(b) *Services which applicant is required to provide.* Title I funds shall not be used to provide services which the applicant agency is required to provide by State law or pursuant to a formal determination under Title VI of the Civil Rights Act, Title IX of the Education Amendments of 1972 (Pub. L. 92-318), or section 504 of the Vocational Rehabilitation Act of 1973, as amended, or pursuant to a final order of a court.

(20 U.S.C. 241e(a) (1) and (3); Lau v. Nichols 414 U.S. 563 (1974))

§ 116.41 Relation of Title I projects to other programs.

(a) *Coordination in development of application.* Each application by an applicant agency for a grant under Title I shall demonstrate that, in the development of such application, the applicant has taken into consideration benefits which are or may be available through other public and private agencies, and which would contribute toward meeting the special educational needs of educationally deprived children. Such application shall also demonstrate that the applicant has considered suggestions and offers of assistance which have been timely made by such agencies and which may aid in carrying out or making more effective the program or project for which application is made. Applicants shall, upon request, make their applications available to interested public and private agencies far enough in advance of final formulation to enable such agencies to make meaningful suggestions and offers.

(b) *Simultaneous use of funds.* The simultaneous use of funds under Title I and funds under other Federal programs to support discrete portions of a particular project is permissible if (1) the requirements of each program, considered separately, are satisfied with respect to the portion of the project which is being financed from such program; (2) there is no commingling of funds derived from one appropriation with funds derived from another appropriation; and (3) there is no transfer of funds derived from an appropriation to the use of an activity not authorized by the law authorizing such appropriation.

(c) *Use of State and local funds.* A program or project set forth in a project application that meets all the requirements of Title I shall be funded from State and local funds to the extent that such funds are specifically designated and available at the time of application for particular services included in the project. Under the conditions set forth in this section, Title I funds may be used to provide those services not provided by funds from other sources.

(20 U.S.C. 241e(a) (1) and (3), and 1232c (b)(1))

§ 116.42 Administrative control of Title I property.

(a) *Control and title in public agency.* Control over the use of funds provided under Title I, and title to and administrative control over property acquired with these funds, shall be in a public agency, which will exercise such control consistent with §§ 100b.215 and 100b.216 of the general provisions regulations (45 CFR 100b.215, 100b.216). These funds and property shall be used for the purposes provided in Title I but such use shall not inure to the benefit of any private school. The incidental use of such property for other purposes is permitted only for related educational purposes on public premises and only so long as such use does not interfere with the carrying out of a Title I project.

(b) *Equipment.* Equipment acquired with Title I funds may in certain cases be placed on private school premises. Title to and administrative control over such equipment must be retained and exercised by a public agency. In exercising that administrative control, the public agency shall keep records of, and account for, the equipment and shall also assure itself that the equipment is being used solely for the purposes of the project, and remove the equipment from the private school premises when necessary to avoid its being used for other purposes or when it is no longer needed for the purposes of the project.

(c) *Assurance.* An application for a grant under Title I must contain satisfactory assurance that Title I funds and property derived therefrom, will at all times be under the control of, and be administered by, a public agency in accordance with the provisions of Title I and the regulations in this part.

(20 U.S.C. 241e(a) (3) (A) and 1232c(a))

§ 116.43 Measurement of educational achievement and evaluation of programs.

(a) *Annual evaluation procedures.* Each application by an applicant agency for a grant under Title I shall describe the procedures and techniques to be used in making at least annually an evaluation of the effectiveness of the program in meeting the special educational needs of participating children including appropriate performance criteria and the instruments and methods to be used to measure objectively changes in the educational achievement of such children.

(b) *Standards.* The measurement of educational achievement of participating children shall be carried out with regard to objective standards or norms. The type of measurement used shall give particular regard to the requirement under § 116.7 of Subpart B that the State educational agency report to the Commissioner on the effectiveness of the programs in that State in improving the educational achievement of participating children.

(c) *Children in private schools.* The evaluation of programs and projects shall, consistent with the nature and extent of participation of children enrolled in private schools, be extended to such participation.

(20 U.S.C. 241c-1, c-2, c-3, 241e(a) (2) and (6), 241e-1)

§ 116.44 Dissemination and utilization of results of educational research and demonstrations.

Each application by an applicant for a grant under Title I shall describe the methods to be used by the applicant for reviewing, selecting, and disseminating to teachers and educational administrators significant information on the latest developments and most recent experiments in education so that such information will be available for use in program planning and operation. These methods may include, among other things, inservice education, professional workshops and seminars, consultations and visitations, and reports on the organization, operation and outcome of projects under Title I.

(20 U.S.C. 241c-1, c-2, c-3, 241e(a) (10))

§ 116.45 Public information.

Each application by an applicant agency for a grant under Title I shall include specific plans for disseminating information concerning the provisions of Title I, and the applicant's past and present Title I programs—including evaluations of such programs—to parents and to the general public. The applicant agency shall make available to them, upon request, those applications, evaluations of the applicant's past Title I projects, all reports required by § 116.46 to be submitted to the State educational agency, comparability reports and such other documents as may be reasonably necessary to meet the needs of such parents or other members of the public for information related to the comprehensive planning, implementation, and evaluation of the Title I program, but not including information relating to the performance of identified children and teachers. Such information and documentation shall be available until the expiration of five years after the completion of a Title I project, or until any impending audit by the Department of Health, Education, and Welfare or the General Accounting Office (consistent with Section 434(a) of the General Education Provisions Act) has been completed and the questions arising out of it have been resolved. Such plans shall include provision for the reproduction, upon request, of such documents free of charge or at reasonable costs (not to exceed the additional costs incurred which are not covered by Title I funds) or provisions whereby persons requesting such copies will be given adequate opportunity to arrange for the reproduction of such documents.

(20 U.S.C. 241e(a) (8), and (14) (D), 1231d)

§ 116.46 Reports by applicant agencies.

Each application by an applicant agency under Title I shall provide assurance that the applicant agency will render to the State educational agency an annual report and such other reports, in such form, and containing such information, including the results of objective measurements of educational achievement and program effectiveness required by § 116.43 and of research and replication studies, as may be reasonably necessary to enable the State educational agency to perform its duties under Title I. In the case of reports relating to performance the information supplied shall have been developed in accordance with specific performance criteria related to program objectives.

(20 U.S.C. 241c-1, 241c-2, 241c-3, 241e(a) (6) and (7), 241f(a) (3))

§ 116.47 Individualized educational plans.

In considering applications under Title I, a State educational agency shall encourage where feasible applicant agencies submitting such applications to provide for the development for each child participating in an approved program or project under such Title I, an individualized written educational plan (maintained and periodically evaluated), agreed upon jointly by the applicant agency, a parent or guardian of the child, and when appropriate, the child. Funds under Title I of the Act may be used for the purpose of developing, maintaining and evaluating such plans.

(20 U.S.C. 241e(b))

§ 116.48 Operational responsibilities.

The approval of an application under Title I does not relieve an applicant agency of the responsibility to carry out its project or projects in accordance with the approved application, Title I, and the applicable regulations.

(20 U.S.C. 241e, 241j, 1232c(c))

PART 116a—FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES TO MEET THE SPECIAL EDUCATIONAL NEEDS OF EDUCATIONALLY DEPRIVED AND NEGLECTED AND DELINQUENT CHILDREN

Subpart A—General

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116a.19 Project applications.
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116a.24 Bonus pay for teachers.
116a.25 Parent advisory councils.
116a.26 Comparability of services.

AUTHORITY: Section 2, Pub. L. 89-10, 79 Stat. 27, as amended, (20 U.S.C. 241a-241m, 242, 244), unless otherwise noted.

Subpart A—General

§ 116a.1 Applicability.

(a) The regulations in this part and the general regulations in Part 116 of this chapter govern programs and projects for which funds are provided to local educational agencies under Title I of the Elementary and Secondary Education Act to meet the special educational needs of educationally deprived children in school attendance areas with high concentrations of children from low-income families and for children in local institutions for neglected or delinquent children.

(b) Assistance provided under this part is subject to applicable provisions contained in the General Provisions for Education program regulations subchapter A of this chapter (relating to fiscal, administrative, property management and other matters) including Parts 100, 100b (and related appendices) and 100c.

(c) The text of the Title I statute is contained in full in the Appendix to Part 116 of this chapter.

(20 U.S.C. 241a)

§ 116a.2 Definitions.

As used in this part—

"Attendance area" means, in relation to a particular public school, the geographical area in which the children who are normally served by that school reside.

(20 U.S.C. 241e(a)(1))

"Educationally deprived children" means (1) children who have need for special educational assistance in order that their level of educational attainment may be raised to that appropriate for children of their age, and (2) children who are handicapped.

(20 U.S.C. 241e(a)(1)(A))

"Institution for delinquent children" means a public or private residential facility which is operated primarily for the care of children who have been adjudicated to be delinquent or in need of supervision. The term also includes an adult correctional institution in which children reside.

(20 U.S.C. 241e(c)(2) (B), (C))

"Institution for neglected children" means a public or private residential facility (other than a foster home) which is operated primarily for the care of at least ten children who have been committed to the institution, or voluntarily placed in the institution pursuant to applicable State law, because of the abandonment of or neglect by, or death of, parents or persons acting in the place of parents.

(20 U.S.C. 241c(c)(2) (B), (C))

"Project area" means an attendance area, or combination of attendance areas, having a high concentration of children from low-income families which, without regard to the locality of the project itself, is designated as an area from which children are to be selected to participate in a project.

(20 U.S.C. 241e(a)(1))

Subpart B—Eligibility for and Amount of Grants

§ 116a.3 Eligibility of local educational agencies.

(a) A local educational agency in a State (other than Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands) is eligible for a grant under Title I for a fiscal year if the Commissioner determines, on the basis of satisfactory data available to him, that the number of children counted under section 103(c) of Title I for the school district of such agency for such year amounts to at least 10.

(b) If the Commissioner does not have available satisfactory data on a school district basis, a local educational agency is eligible for such a grant if the school district served by such agency is located in whole or in part in a county in which the Commissioner determines that there are 10 or more of such children.

(20 U.S.C. 241(c)(b))

§ 116a.4 Determination of grant which a local educational agency in a State is eligible to receive.

The grant which a local educational agency in a State (other than Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands) is eligible to receive under Subpart 1 of Part A of Title I for a fiscal year will be determined by the Commissioner in accordance with the provisions of sections 103(a)(2)-(4) and 103(c) of Title I, subject to the provisions of section 144 of such Title.

(20 U.S.C. 241c(a) (2), (3), (4), 241c(c))

§ 116a.5 Allocation of county aggregate grants by State educational agencies.

(a) *General.* Pursuant to Section 103 of Title I, the Commissioner is authorized to determine the grant which a local educational agency is eligible to receive, if satisfactory data are available from the Department of Commerce for such agencies. However, if such data are not available, these determinations are made for counties, and the State educational agencies allocate the county amounts among the local educational agencies in the counties. This section prescribes criteria for the allocation by a State educational agency of the aggregate amount determined for a county (under section 103(a)(2) of Title I) among the local educational agencies whose school districts are located in whole or in part in such county. Such aggregate amount is hereinafter referred to as the county aggregate grant.

(b) *Children in institutions.* To the extent that a county aggregate grant is based on the number of children aged 5 to 17, inclusive, living in institutions for neglected or delinquent children, the county aggregate grant shall be allocated on the basis of the location of such institutions in the various school districts of the local educational agencies concerned. For the purpose of this part, the number of such children shall be the number in the October caseload who have resided in the institution for at least 30 days. If a State educational agency determines that a local educational agency is unable or unwilling to provide for the special educational needs of such children, that portion of the grant of that local educational agency which is based on such children shall be assigned to the State educational agency if it assumes that responsibility. If the State educational agency does not assume that responsibility, it shall designate another State or local public agency that is able and willing to assume that responsibility. If no such public agency is found by the State educational agency, the amount attributable to such children shall be deducted from the local educational agency's allocation and shall not be available for reallocation.

(c) *Allocation of remainder of county grant.* Subject to applicable provisions of law (including the provisions of section 144 of Title I), the remainder of the county aggregate grant shall be allocated by the State educational agency among the several local educational agencies whose school districts lie (in whole or in part) within the county on the basis of the current distribution in the county of children aged 5 to 17, inclusive, from low-income families (using a poverty level selected by the State educational agency consistent with the purposes of Title I) as determined on the basis of the available data which such State educational agency deems best to reflect the current distribution in the county of children aged 5 to 17, inclusive, from low-income families. The following are considered acceptable types of data: (1) 1970 census data on the number of children from low-income families, and (2) data on children in families receiving payments under the program of aid to families with dependent children under a State plan approved under Title IV of the Social Security Act and foster children. Other types of data must be approved by the Commissioner before use by the State educational agency.

(20 U.S.C. 241c(a) (2), (3)(A))

§ 116a.6 Local educational agencies in more than one county.

The allocation made pursuant to § 116.5 to a local educational agency located in more than one county shall be made separately for each county in which a part of the school district served by that local educational agency is located. The grant for such a local educational agency shall be the sum of its allocations from the aggregate grants of the counties in which it is located.

(20 U.S.C. 241c(a)(2))

§ 116a.7 Local educational agencies with overlapping jurisdictions or serving children from another school district.

In any case in which two or more local educational agencies have responsibility for different groups of children in a school district, or serve school districts which overlap, or in any case in which a local educational agency provides free public education for a substantial number of children residing in the school district of another local educational agency, the State educational agency may allocate the amount of the grants for those agencies among them in such manner as it determines will best carry out the purposes for which the grants under Title I are made available.

(20 U.S.C. 241c(a)(3)(B))

§ 116a.8 Changes in local educational agencies.

(a) *Merger or consolidation.* In any case in which there is a merger or consolidation of local educational agencies during the school year, the grant which each such agency was eligible to receive shall become available to the surviving or consolidated agency. The surviving or consolidated agency shall be responsible for projects which have not been completed and were previously approved for each of the agencies participating in the merger or consolidation.

(b) *Changes in service areas.* In any case in which the geographical area of a school district served by a local educational agency is diminished, or divided with another local educational agency, during the school year, the State educational agency shall redetermine the grants by using the same method used in making the original determination. However, nothing herein shall preclude the completion, where appropriate, of previously approved projects by the agency originally submitting the projects by itself or through a cooperative undertaking.

(20 U.S.C. 241c(a)(2))

§ 116a.9 Ratable reductions.

If the sums appropriated for any fiscal year are not sufficient to pay in full the amounts which all local educational agencies are eligible to receive under Title I for that year, the amounts available to local educational agencies shall be determined in accordance with section 144 of Title I.

(20 U.S.C. 241h)

§ 116a.10 Further assistance to certain local educational agencies.

Section 101(a)(10) of Pub. L. 93-380 provides for an authorization of appropriations for each fiscal year to be allocated at the discretion of the Commissioner to assist local educational agencies whose total allocation under part A of Title I is 90 per centum or less than such allocation under such part A during the preceding fiscal year. The Commissioner will distribute any funds appropriated under section 101(a)(10) among local educational agencies described in the preceding sentence in such a manner as to raise the allocations for each such agency to 90 percent of its preceding fiscal year's allocation or as close to that level as the appropriation will permit. Any funds in excess of the amount required for that purpose shall be allocated by the Commissioner to those local educational agencies which would have received more than 90 percent of their preceding year's allocation if the "85 percent hold harmless" provisions of section 144 of Title I were not in effect. The Commissioner will make such allocations on the basis of the most satisfactory data available to him as to the amount each such local educational agency would have received in the absence of the "hold harmless" provision.

(20 U.S.C. 241b-1, 241b; Pub. L. 93-380, sec. 101(a)(10))

§ 116a.11 Reallocation.

(a) *States.* (1) The State educational agency in the States of the Union, the District of Columbia, and Puerto Rico shall determine not earlier than March 31 of a fiscal year the amounts allocated for that year to local educational agencies in excess of the amounts required for approved programs and projects and shall certify such amounts to the Commissioner. Such amounts shall be made available, first by State educational agencies to other educational agencies in the particular State but not so as to make available to an agency more than the maximum grant to which that agency is entitled. (2) The amounts made available under this paragraph for distribution within a State shall be distributed among the local educational agencies which apply for additional funds and which have the greatest needs to redress inequities inherent in, or mitigating hardships caused by, the application of the provisions of section 103(a)(2) of Title I and §§ 116a.4 and 116a.5. The needs of the local educational agencies, and the amounts to which they shall be eligible, shall be determined on the basis of the extent to which the State educational agency determines the application of those provisions fail, as a result of population shifts, changing economic conditions, or other reasons, to reflect actual needs. (3) In the event excess amounts are still available after applying the foregoing provisions of this paragraph, those excess amounts will be distributed by the Commissioner among other States of the Union or the District of Columbia, or Puerto Rico in accordance with their needs as determined by the Commissioner for use by local educational agencies having the greatest need therefor. In no event, however, will the total amount made available to an agency exceed the maximum grant to which that agency is entitled. (4) "Maximum grant" for the purpose of this subsection means the grant which a local educational agency is eligible to receive before the operation of the provision for ratable reductions as set forth in Section 144 of Title I and § 116a.9.

(b) *Outlying areas; Department of Interior.* By March 31 of each fiscal year the Commissioner may require (1) State educational agencies in Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands to certify to him the amounts for which applications have been or will, during that fiscal year, be approved by such agencies, and (2) the Department of the Interior to report the amount needed by that Department for Title I projects. The excess of the amounts made available to any of such agencies or the Department of the Interior over the amounts which the Commissioner determines are needed by them will be redistributed among eligible agencies according to their respective needs for such amounts as redetermined by the Commissioner at that time.

(20 U.S.C. 241b)

§ 116a.12 Special incentive grants.

(a) *General.* Subject to the provisions of section 144 of Title I any State of the Union and the District of Columbia shall be entitled to receive a grant pursuant to Part B of Title I if it meets the requirements of that Part.

(b) *Applications.* (1) An incentive grant under this section will be made to a State upon application therefor by the State educational agency to the Commissioner submitted not more than 30 days after the date on which the Commissioner notifies the State educational agency of the State's eligibility for such grant and the amount thereof, or by the end of the applicable fiscal year, whichever occurs earlier. (2) Such an application shall include information concerning the policies and procedures to be used in selecting the local educational agencies which will receive incentive grant funds and the amounts of such assistance. Such information shall be presented in detail sufficient to assure the Commissioner that incentive grant funds will be made available to local educational agencies in the State with the greatest need for assistance under Title I and in amounts corresponding to their respective needs. Such policies and procedures shall take into account factors appropriate for those purposes, including the amounts available to local educational agencies under Part A of Title I; the number and percentage of children from low-income families in the several school districts; the number and percentage of such children not otherwise being served under Title I; any sudden influx in the number of such children; dropout rates; the incidence and severity of special educational needs as indicated by test scores or other measures; the availability of funds from other sources for programs for educationally deprived children; and the local fiscal effort.

(c) *Use of funds.* Incentive grant funds shall be made available to a limited number of local educational agencies for specific projects which the State educational agency deems to be innovative or which: (1) Show special promise of success through the modification or revision of existing Title I programs; (2) are of sufficient size, scope, and quality as required by § 116a.22; (3) include performance criteria to be used in connection with the evaluation of such projects; and (4) otherwise meet the requirements for projects under Part A of Title I.

(20 U.S.C. 241d, 241d-1, 241d-2, 241g(b)(1))

§ 116a.13 Grants to local educational agencies in the outlying areas and payments to the Secretary of the Interior.

(a) *Allotments.* An amount equal to one per centum of the amount allotted for grants to local educational agencies in States as defined in section 103(a)(4) of Title I shall be allotted (1) for grants to local educational agencies of Guam, American Samoa, the Virgin Islands and the Trust Territory of the Pacific Islands and (2) for payments to the Secretary of the Interior. Such additional amounts shall be allotted as will assure that the amount for each such outlying area and for payments to the Secretary of the Interior shall not be less than the corresponding amount for fiscal year 1973.

(b) *Out-of-State Indian children.* The Secretary of the Interior shall, from the amount allotted to him in accordance with paragraph (a) make payments to local educational agencies upon such terms as the Commissioner finds will best carry out the purposes of Title I, with respect to Indian children who do not reside in the State in which such agency is located but who are being educated in the elementary and secondary schools of such agencies under special contracts with the Department of Interior. The use of such funds for the special educational needs of such children shall be approved by the State educational agency of the State in which the local educational agency is located and the Department. The amount available to a local educational agency shall not exceed for each such child 40 per centum of (1) the average per pupil expenditure in the State in which the agency is located or (2) 120 per centum of such expenditure in the United States, whichever is greater.

(c) *Agreements.* The remainder of the payments to be made to the Secretary of the Interior not required for the purposes of paragraph (b) shall be made pursuant to an agreement between the Commissioner and the Secretary of the Interior, containing such assurances and terms as the Commissioner determines will best achieve the purpose of Title I. Such agreement shall contain assurances that payments made pursuant to this paragraph will be used solely for programs and projects approved by the Secretary of the Interior which meet the applicable requirements of Title I, this Part, and Part 116.

20 U.S.C. 241e(a)(1), 241e(d))

Subpart C—Program Requirements

§ 116a.19 Project applications.

(a) *General.* Grants under Title I to a local educational agency may be made only on the basis of applications therefor which are submitted to the State educational agency and approved by it in an amount not in excess of the allocation of the funds made available for that local educational agency pursuant to § 116a.5 of Subpart B.

(b) *Projects and project areas.* (1) An application for a grant under Title I by a local educational agency shall set forth one or more projects specifically designed to meet the special educational needs of educationally deprived children residing in a school attendance area (or areas) having high concentrations of children from low-income families. (2) If the local educational agency has children living in institutions for neglected or delinquent children, who have been counted pursuant to section 103(c)(1)(C) of Title I and § 116a.5(b), then such application shall also set forth a project (or projects) designed specifically to meet special educational needs of such children.

(c) *Location of services.* The project itself shall be carried out at locations where the needs of the children can best be served.

(d) *Prohibition against assignment of allocation.* Subject to the reallocation authority in § 116a.11 of Subpart B, no local educational agency may assign any part of its allocation to another agency. This does not, however, prevent a State educational agency from exercising its authority under § 116a.7 nor prevent two or more applicants in one or more States from conducting a joint program or project (including a planning project) through a combined use of funds made available to them.

(20 U.S.C. 241a, 241e(a)(1), 241g(a)(2)).

§ 116a.20 Selection of Title I attendance areas.

(a) *Designation of project areas.* An application for a grant under Title I by a local educational agency (other than an application for a grant for planning) shall designate the project area or the institution for which each project set forth in the application is designed. The project area must be sufficiently restricted in size in relation to the nature of the project as to avoid jeopardizing the effectiveness of the project in meeting its aims and objectives.

(b) *Eligibility of attendance areas.* (1) Except as otherwise provided in paragraphs (g) and (h) and section 150 of Title I of the Act, a school attendance area for either a public elementary school or a public secondary school may be designated as a project area, or for inclusion in a project area, if it has, on a percentage or numerical basis, a high concentration of children from low-income families.

(2) An attendance area may be designated under paragraph (1) on a percentage basis if the percentage of children from low-income families in that attendance area is at least as high as the percentage of such children residing in the whole of the school district. In addition, upon specific request by the local educational agency, the State educational agency may approve the designation of attendance areas in which at least 30 percent of the children are from low-income families. For the purposes of the preceding sentence, such children includes only children who are determined to be eligible for free lunches, pursuant to the criteria established by the appropriate State educational agency pursuant to the National School Lunch Act (42 U.S.C. 1758b) and for which regulations are provided in 7 CFR 245.

(3) An attendance area may be designated under paragraph (1) on a numerical basis if the estimated number of children from low-income families residing in that attendance area is at least as large as the average number of such children residing in each of the several school attendance areas in the school district.

(4) If a combination of the numerical and percentage basis is used, the number of attendance areas actually designated under paragraph (1) may not exceed the number of such areas that could be so designated if only one such method had been used.

(5) Each of the provisions of this paragraph and of paragraphs (c), (d), (g), and (h) of this section may be applied separately to groups of schools (e.g., elementary, junior high school or middle school, and secondary) grouped in accordance with § 116a.26(l)(1) and (2).

(20 U.S.C. 241e(a)(1)(A))

(c) *Ranking of attendance areas.* (1) Except upon request to and approval by the State educational agency based on an assessment of particular educational needs in accordance with subparagraph (2) of this paragraph, a local educational agency shall not designate a school attendance area as a project area (or for inclusion in a project area) unless all attendance areas with a higher percentage or number of children of low-income families (depending on the method used to determine the eligibility of the school attendance area) have been so designated or have been designated to receive (through the use of funds from other sources) services of the same nature and scope as those that would otherwise be provided under Title I.

(2) A local educational agency is not required to designate an area on the basis of its rank. If such agency can demonstrate, to the satisfaction of the State educational agency, that the incidence and severity of educational deprivation in that area is substantially less than in other attendance areas proposed to be designated. In no event, however, shall the State educational agency approve such a request without first determining (in accordance with the procedures in § 116a.26) that the services provided with State and local funds in any area which has a higher percentage or number of children of low-income families but which is not designated for a project area are comparable to the services provided in other areas not designated.

(d) *Districts with no wide variance in the incidence of poverty.* If there is no wide variance in the concentrations of children from low-income families among the several school attendance areas in a school district, the whole of that school district may at the option of the local educational agency be regarded as a project area. Such a determination may be made only if the variation between the areas with the highest and lowest percentage of such children is not more than one-third of the average percentage of children from low-income families in the district as a whole.

(e) *Cooperative projects.* In the case of a project undertaken jointly by two or more local educational agencies, the project area with respect to each school district must be one that qualifies as a project area under this section. However, the whole of the project area must be considered in determining whether it is sufficiently restricted in size in relation to the nature of the project as to maintain the effectiveness of the project in meeting its aims and objectives.

(f) *Determining number of children from low-income families.* Except for the purposes of the second sentence of paragraph (b)(2) of this section, where data are not available to make an accurate determination of the number of children from low-income families, the number may be estimated on the basis of the number of children in families receiving Aid to Families with Dependent Children (AFDC), the number of children eligible to receive benefits under the National School Lunch Act, or any other reliable and uniform indicator of poverty, or a combination of such factors. However, whatever data are used must be applied uniformly throughout the applicant's school district.

(20 U.S.C. 241e(a)(1)(A))

(g) *School attendance areas qualifying in prior fiscal years.* A school attendance area which (1) does not meet the requirements of this section for a fiscal year but (2) did meet such requirements and received Title I services in either of the two fiscal years immediately preceding such fiscal year shall be deemed to meet such requirements for such fiscal year. A local educational agency shall not be required to apply the provisions of paragraph (c) of this section to a school attendance area described in the preceding sentence. Neither of such two preceding fiscal years shall be earlier than fiscal year 1975.

(20 U.S.C. 241e(a)(13); Senate Rept. No. 93-1026, p. 144 (1974))

(h) *Services to certain public schools in nonqualifying school attendance areas.* The purpose of section 101(a)(5)(A) of Pub. L. 93-380 amending section 141(a)(1)(A) of Title I is to allow local educational agencies to designate for projects, those schools which would otherwise qualify on the basis of their own enrollments but do not qualify because they are not located in an attendance area with large numbers of children from low-income families. Therefore, at the discretion of a local educational agency, notwithstanding any other provision of this section, Title I services may be provided for educationally deprived children enrolled in a school of such agency although the attendance area of that school does not qualify under this section if the percentage or number of children from low-income families in average daily attendance at that school is at least as high as the districtwide average percentage or number required for eligibility on an attendance area basis in accordance with paragraph (b) of this section.

(20 U.S.C. 241e(a)(1)(A); House Rept. No. 93-805, p. 16–17 (1974))

§ 116a.21 Needs assessment.

The application by a local educational agency under this part shall contain sufficient information and documentation to enable the State educational agency to determine that the applicant local educational agency has taken the steps in making a needs assessment described as follows:

(a) *Review of existing data.* The local educational agency has reviewed appropriate existing data, including past evaluations of Title I projects in that local educational agency, and data on the performance in the agency's basic programs of instruction of children residing in all eligible attendance areas. This must be done to determine the incidence and severity of educational deprivation among all children residing in an eligible attendance area. Such children shall include children enrolled in private schools, preschool children, children of school age not enrolled in a school, children in local institutions for neglected or delinquent children, as well as children enrolled in a public school.

(b) *Selection of project areas, target groups, and the needs to be served.* The local educational agency, on the basis of its findings from the review conducted under paragraph (a) has selected: (1) The project areas (in accordance with the procedures of § 116a.20); (2) The age or grade levels at which it will operate the Title I project (or projects); and (3) The types of educational needs to be addressed by these projects.

(c) *Identification of all target group children.* The local educational agency, using appropriate data and specified criteria, has identified all of the educationally deprived children in the project areas, who are in the age or grade levels and have the types of educational needs identified in accordance with paragraph (b).

(d) *Identification of children most in need.* The local educational agency has secured any additional objective data which, in combination with the existing data specified in paragraph (a), will enable it to identify which of the educationally deprived children identified in paragraph (c) are most in need of special assistance.

(e) *Selection criteria.* The local educational agency has set forth specific criteria by which the educationally deprived children residing in the project areas and all children in institutions for neglected or delinquent children counted for payment under this part will be chosen to receive Title I services. Educationally deprived children chosen may include those identified as having the greatest need in accordance with paragraph (d) and those residing in a project area who participated in a project conducted in the previous year (if such children are still educationally deprived). A child may not be excluded from participating in a project because he or she is not from a low-income family or not attending school at the time.

(f) *Diagnostic procedures.* The local educational agency has used adequate diagnostic procedures to determine the special educational needs of the children chosen to be served in a Title I project.

(g) *Consultation.* In making the determinations under this section, the local educational agency has, to the extent feasible, consulted with teachers, parents, and persons knowledgeable of the needs of private and public school children and children in local institutions for neglected or delinquent children.

(20 U.S.C. 241e(a), (1), (2), and (b); House Rept. No. 93-805, p. 20–21)

§ 116a.22 Project description, size, scope, and quality.

(a) *Project description.* Each application for one or more projects under this part shall contain a description of the project in sufficient detail to enable the State educational agency to make the determinations detailed in paragraph (b) of this section. This description shall include:

(1) The educational objectives of the project and the relationship of these objectives to the special educational needs identified by the diagnostic procedures required by paragraph (f) of § 116a.21;

(2) The resources (including the type of staff and materials) to be used in the implementation of the projects and plans for their use;

(3) The time periods and instructional settings for the project services;

(4) The number of the children to be served and a general description of their special educational needs;

(5) The approaches, methods, and techniques that will be used to evaluate the success of the project in attaining its objectives;

(6) A budget detailing the expenditures required for the implementation of the project;

(7) The special educational needs and number of children, if any, who reside outside the project area and who will participate, as well as the manner of their participation; and

(8) Specific provisions for informing and consulting with parents concerning the services to be provided for their children under Title I, the performance of their children and the ways in which such parents can assist their children in realizing the benefits those services are intended to provide.

(b) *Size, scope, and quality.* A State educational agency shall not approve a project for which an application has been made unless it determines that the project is of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the special educational needs of the children to be served. Such a determination shall be made only if the State educational agency finds that:

(1) The educational objectives of the project are adequately related to one or more of the special educational needs of the participating children as identified in accordance with § 116a.21;

(2) The resources to be used in the project and the plans for their use are consistent with and show reasonable promise of meeting the objectives of the project;

(3) The evaluation plans comply with § 116.43 and are adequate for measuring the attainment of the objectives described in subparagraph (a)(1) of this section;

(4) The expenditures for the project (as set forth in the budget) are:

(i) At least $2500 or a lesser amount as may be set by the State educational agency, in accordance with section 141 (a)(1)(B) of Title I, upon its determination that it would be impracticable (for reasons such as distance or difficulty of travel) for the applicant to join effectively with other local educational agencies for the purpose of meeting that dollar requirement;

(ii) Not imprudent, extravagant, excessive, or wasteful; and

(iii) Proposed for use solely to meet the special educational needs of educationally deprived children identified in accordance with § 116a.21;

(5) The project is concentrated on a sufficiently limited number of services for a sufficiently limited number of educationally deprived children, identified in accordance with § 116a.21, to show reasonable promise of meeting the educational objectives identified in subparagraph (a)(1) of this section;

(6) The project has not been designed to meet, nor will it have the effect of meeting, the general needs of schools or of the student body at large in a school or of a specified grade in a school;

(7) Any services or resources provided under Title I will be offered to only those children who have been selected to participate in the project in accordance with § 116a.21, except as approved in accordance with paragraph (b)(9);

(8) If services are provided in the regular classroom or in other settings in which children other than those properly selected to participate in the project will be presented, these services will be directed to the selected children and the effectiveness of the project will not be impaired by the presence of children other than those selected to participate;

(9) If educationally deprived children residing outside the project area will participate: (i) These children will meet

the criteria other than residency for participation in the project; (ii) Their participation will not result in the exclusion of children from the project area who meet these criteria; (iii) The project will have been designed solely for the selected children from the project area; and (iv) Participation of children from outside the project area will not impair the effectiveness of the project and will not result in any extra cost; and

(10) Services are equitably provided to all children with State and local funds without regard to the availability of Title I funds in the applicant's schools for the educationally deprived children.

(20 U.S.C. 241e(a)(1), (b) and 241j)

§ 116a.23 Participation by children enrolled in private schools.

(a) *General requirement.* Each local educational agency shall provide special educational services designed to meet the special educational needs of educationally deprived children residing in its school district who are enrolled in private schools. Such educationally deprived children shall be provided genuine opportunities to participate therein consistent with the number of such educationally deprived children and the nature and extent of their educational deprivation. The special educational services shall be provided through such arrangements as dual enrollment, educational radio and television, and mobile educational services and equipment. Such opportunities shall be made available to those educationally deprived children who reside in the public school attendance area or areas designated as the project area. If it is not practicable to apply a project to children enrolled in private schools because they are enrolled in a private school located in another school district, the applicant may make arrangements for such children with the local educational agency serving such other school district, including where appropriate, the making of a joint project application.

(b) *Determination of needs, number of children, and types of services.* The needs of educationally deprived children enrolled in private schools, the number of such children who will participate in the program, and the types of special educational services to be provided for them shall be determined, after consultation with persons knowledgeable of the needs of these private school children, on a basis comparable to that used in providing for the participation in the program by educationally deprived children enrolled in public schools.

(c) *Nature and comparability of services.* If, after consultation with persons knowledgeable of the needs of private school children, the local educational agency determines that it is necessary, in order to meet the special educational needs of eligible private school children, services and activities may be provided to such children which are different from those provided to public school children. However, consistent with the principles set forth in § 116a.22 of this subpart, these services and activities must be comparable in quality, scope, and opportunity for participation to those provided to public school children with needs of equally high priority.

(d) *Design of projects.* The opportunities for participation by educationally deprived children in private schools in the program of a local educational agency under Title I shall be provided through projects of the local educational agency which furnish special educational services that meet the special educational needs of such educationally deprived children rather than the needs of such schools or the student body at large or of children within a specific grade. Provisions for serving children in private schools shall not include the financing of the existing level of instruction in the private schools. The application shall contain sufficient information to enable the State educational agency to determine that, with respect to children enrolled in private schools, the requirements of § 116a.21 have been satisfied, and such application shall state the number of such children who were found to be educationally deprived according to specific criteria, the number of such children who are expected to participate in each of the services under Title I and the degree and manner of their expected participation.

(e) *Avoidance of separate classes.* Any project involving the participation at the same site of children enrolled in private schools and children enrolled in public schools shall include such provisions as are necessary to avoid classes which are separated by school enrollment or religious affiliation of the children.

(f) *Limitations on availability of services in other than public school facilities.* Public school personnel may be made available on other than public school facilities only to the extent necessary to provide special services (such as therapeutic, remedial, or welfare services, broadened health services, school breakfasts for poor children, and guidance and counseling services) for those educationally deprived children for whose needs such services were designed and only when such services are not normally provided by the private schools. The application for a project including such special services shall provide satisfactory assurance that the applicant will maintain continuing administrative direction and control over those services and, in accordance with § 116.36, over the use of equipment required to provide such services. Provisions for special educational services for educationally deprived children enrolled in private schools shall not include the paying of salaries for teachers or other employees of private schools, except for services performed outside their regular hours of duty and under public supervision and control, nor shall they include the construction of private school facilities.

(g) *Other requirements.* Special educational services and arrangements provided under this section shall meet the requirements of clauses (A) and (B) of section 141(a)(1), section 141(a)(2), and clauses (A) and (B) of section 141(a)(3) of Title I.

(20 U.S.C. 241e(a) (1), (2), and (3) 241e–1 (a); *Wheeler v. Barrera*, 417 U.S. 402 (1974))

§ 116a.23–1 Waiver of requirements for participation by children enrolled in private schools.

(a) *Approval of applications.* The State educational agency shall not approve an application for a grant for a program that does not meet the requirements of § 116a.23 of this subpart unless and until a final determination to waive such requirements has been made by the Commissioner pursuant to section 141A of Title I and satisfactory arrangements have been made for the provision of such services by the Commissioner under this section. The State educational agency shall notify the Commissioner that an application has been disapproved because of the local educational agency's failure to meet the requirements of § 116a.23 and set forth the reasons and supporting evidence for such disapproval.

(b) *Waivers in cases of legal prohibition.* If a local educational agency is prohibited by law from providing for the participation in special programs for educationally deprived children enrolled in private elementary and secondary schools as required by sections 141(a)(2) and 141A(a) of Title I and § 116a.23 of this subpart, the Commissioner will waive such requirement and the provisions of section 141(a)(2) and will arrange for the provision of services to such children through arrangements which shall be subject to the requirements of section 141A(a) of Title I. For the purpose of determining whether a local educational agency is prohibited by law from providing for participation of educationally deprived children in private schools, the Commissioner may require the State educational agency to furnish an opinion of the Attorney General of the State with regard to the status of State law regarding such participation.

(c) *Waivers in cases of substantial noncompliance.* (1) If the Commissioner determines that a local educational agency has substantially failed to provide for the participation, on an equitable basis, of educationally deprived children enrolled in private elementary and secondary schools (as set forth in an approved application) as required by section 141(a)(2) and 141A(a) of Title I and § 116a.23 of this subpart, he shall make arrangements for the provision of services to such children, which shall be subject to the requirements of section 141A(a) of Title I, upon which determination the provisions of such section and section 141(a)(2) of Title I shall be waived.

(2) Where a local educational agency, pursuant to an application approved under this Part, undertakes to provide for the participation, on an equitable basis, of children enrolled in private elementary and secondary schools (as required by Title I and § 116a.23 of this Part) and such agency thereafter reduces the size, scope, or quality of the services provided such children prior to

(i) a final determination by the Commissioner to waive such requirement and (ii) the implementation of satisfactory arrangements for the provision of such services by the Commissioner under this section, no obligations or expenditures incurred by such agency may be recognized as allowable under Title I for the period during which such reduction of services takes place.

(d) *Cost of arrangements by Commissioner*. When the Commissioner arranges for services pursuant to this section, he shall, after consultation with the appropriate public and private school officials, pay the cost of such services from the appropriate allocation or allocations under Title I. In the case of arrangements under this section, such allocation shall be the allocation of the local educational agency affected, and at the discretion of the Commissioner, the proportionate amount of State administrative funds, except that no State may receive less than $150,000 as provided by § 116.4.

(e) *Notice, opportunity for hearing, judicial review*. (1) The Commissioner shall not take any final action under this section until he has afforded the State educational agency and local educational agency affected by such action at least sixty days notice of his proposed action and an opportunity for a hearing with respect thereto on the record.

(2) If a State or local educational agency is dissatisfied with the Commissioner's final action after a hearing under paragraph (e)(1) of this section, it may, within sixty days after notice of such action, file, with the United States Court of Appeals for the circuit in which such State is located, a petition for review of that action in accordance with the provisions in section 141A(b)(4) of Title I.

(20 U.S.C. 241e–1)

§ 116a.24 Bonus pay for teachers.

(a) *General*. An application for a grant for a project under Title I may include, as a part of the applicant's program, provision for the payment of bonuses to teachers in a limited number of schools serving attendance areas with exceptionally high concentrations of children from low-income families.

(b) *Definition*. For the purposes of this section, the term "teacher" means a person holding a teaching certificate in the State who has a regular instructional assignment and is taken into account in the computation of pupil-teacher ratios in the State.

(c) *Eligibility of teachers; amount of bonuses*. The eligibility of teachers for such bonuses may be made subject to such conditions, including the completion of prescribed courses of special training, as may be set by the local educational agency with the approval of the State educational agency. Such bonuses must be reasonable in amount but must be deemed (by the approving State educational agency) to be sufficient to attract to, or retain at, such schools the teachers best qualified to help meet the special educational needs of the educationally deprived children to be served by the program of the local educational agency.

(d) *Application*. (1) A project application that includes provision for the payment of teacher bonuses must demonstrate that the applicant's regular salary schedule has not attracted or has not retained sufficient numbers of teachers of high caliber in the area in which the teacher bonus provision is to be made applicable. It must also demonstrate how the local educational agency plans to recruit, hire, provide inservice training to, and evaluate all teachers who will receive bonuses, and how such teachers will serve as an integral part of the Title I program.

(2) The continuation of the payment of teacher bonuses by a local educational agency beyond a two-year period shall be conditioned upon a demonstration in project applications for subsequent years that bonus payments in the school district have in fact been effective in attracting and retaining teachers of high caliber and that such teachers have significantly contributed to improving the performance of educationally deprived children. For this purpose, the State educational agency must assume a special responsibility for monitoring and evaluating teacher bonus components of programs in the light of specific measurable goals and must collect and maintain data on the extent of the use and the effectiveness of such teacher bonus components of programs under Title I.

(20 U.S.C. 241e(a)(1))

§ 116a.25 Parent advisory councils.

(a) *General requirements*. Each local educational agency shall demonstrate in each annual application submitted under this subpart that it has established an advisory council (hereinafter "district advisory council") for the entire area to be served under Title I and, except as provided in paragraph (f) of this section, an advisory council for each school of such agency served by the program or project set forth in the application (hereinafter "school advisory council"). Such agency may establish intermediate councils for groups of schools within its school district. The purpose of the advisory councils is to encourage parental involvement at the local level as an important means of increasing the effectiveness of programs under Title I. The application of such agency shall demonstrate that the district advisory council, each intermediate council, and each school advisory council, in accordance with the provisions of this section:

(1)(i) Has, as a majority of its members, (A) parents of children (including parents of private school children) who are currently participating in the program or (B) parents of children who will participate in the projects proposed for the following fiscal year, if satisfactory data is available to identify such children.

(2)(i) In the case of a districtwide or intermediate advisory council, is composed of members selected by the parents in the school attendance areas designated as project areas, and (ii) in the case of a school advisory council, is composed of members selected by the parents in the school attendance area of such council;

(3) Has been given responsibility for advising the local educational agency in the planning, implementation, and evaluation of, such program or project;

(4) Is provided by such agency with access to appropriate information concerning such program or project;

(5) Operates under procedures which are adequate to insure timely and proper performance of its functions, including procedures for convening meetings, and for the recording and maintenance of minutes; and

(6) Has been provided with procedures for coordinating its functions and its recommendations to the local educational agency with those of other councils in the district.

(b) *Participation of parents in selection of councils*. All of the parents of children eligible to attend a public school serving a project area, including parents of children living in such area and enrolled in private schools, shall be eligible to participate in the selection of members of the appropriate district and intermediate councils and the school advisory council of that school.

(c) *Identification of parents eligible for membership*. In consultation with the district advisory council, the local educational agency shall establish appropriate procedures whereby parents of children who are currently participating in a project or who will be participating in the proposed project be identified so that they may be considered for membership on a school, intermediate or district advisory council. In no case may parents be identified, for the purposes of this subsection, unless they have first given their consent to be so identified.

(d) *Procedure for selection*. The local educational agency, after consultation with the district advisory council, shall establish appropriate procedures for the nomination and selection of parents eligible under paragraph (c) and other persons for service on district, intermediate and school advisory councils. Such procedures shall include provision for affording timely and adequate notice to the parents and the general public in the agency's school district (or in the appropriate school attendance area in the case of a school council) of the time, place, and method whereby such selection would be made. The local educational agency shall take appropriate measures, such as the publication of the notice in a language other than English, to insure that adequate notice is provided for parents in an area where the dominant language is other than English. Upon the selection of members of the council, the names of all members of such council shall be made available to the public through appropriate notices and continue to be available upon request. Members of an advisory council shall be residents of the school district, and members of a school council shall reside in the attendance area of that school.

(e) *Membership of districtwide or intermediate councils*. The local educational agency may provide that the membership of its districtwide or intermediate advisory councils will be composed solely of members of the school councils, each member of which is elected by his or her school council.

(f) *Local educational agencies with one school or less than 1,000 students in all project area schools.*

If a local educational agency (1) has less than 1,000 students enrolled in its project area schools, or (2) has only one project area school, it may decide, with the approval of the State educational agency to have its district advisory council also serve as its school councils. In any such case the district council shall consist of at least one advisory council member representative of each project area school.

(g) *Involvement of councils.* Each local educational agency shall include in its application sufficient information to enable the State educational agency to make the following determinations:

(1) That each council member has been furnished copies of Title I of the Act, the Federal regulations, guidelines and criteria issued pursuant thereto, State Title I regulations and guidelines,

(2) That all council members will receive appropriate training materials and orientation which will assist them in carrying out their functions under this section; and

(3) That each council will be provided with the local educational agency's current application, other information and documents (such as prior applications in accordance with the availability of information to the public pursuant to § 116.45 for Title I projects and evaluations thereof) as may be needed for the effective involvement of each such council in the planning, implementation, operation, and evaluation of projects under Title I;

(4) That each council has had an adequate opportunity to consider the information available concerning the special educational needs of the educationally deprived children residing in the project area (or areas), and the various programs available to meet those needs, and to make recommendations concerning those needs which should be addressed through the Title I program and similar programs; and

(5) That all parents of children to be served have had an opportunity to present their views concerning the application to the appropriate school council, and that each council has had an opportunity to submit its comments to the local educational agency which shall consider such comments in determining whether or not the application shall be approved and submitted to the State educational agency.

(h) *Additional rules and procedures.* The State educational agency may establish such additional rules and procedures, not inconsistent with the provisions of this section, as may be reasonably necessary to insure the involvement of parents and the proper organization and functioning of parent advisory councils.

(20 U.S.C. 241e(a)(8), (14), 1231d H. Rept 93-805, p. 18-19 (1974))

§ 116a.26 Comparability of services.

(a) *State agency action regarding applications.* A State educational agency shall not approve an application of a local educational agency for a grant under section 141(a) of Title I, or make payments of Title I funds under a previously approved application of such agency, unless that local educational agency has demonstrated, in accordance with paragraph (e) of this section, that services provided with State and local funds derived from public sources in Title I project areas are at least comparable to the services being provided with such State and local funds in schools serving attendance areas not designated as Title I project areas. Such approval shall not be given unless the local educational agency also provides the assurances and the additional information required by paragraph (h) of this section with respect to the maintenance of comparability. For the purpose of this section, State and local funds include those funds used in the determination of fiscal effort in accordance with § 116.19.

(b) *Reports by local educational agencies.* The State educational agency shall require each local educational agency (except as provided in paragraph (1) of this section) to submit a report in such form as the Commissioner will prescribe, containing the information required by the State educational agency to make the determinations specified in paragraph (e) of this section. Such report shall include the following data for each public school serving a project area (in whole or in part) unless such school is exempted by paragraph (k) of this section, and on a combined basis, for all other schools of corresponding grade levels (as grouped in accordance with paragraph (i) of this section):

(1) The number of children enrolled. For this purpose, children enrolled in kindergarten may be counted on a full-time equivalency basis. Additionally, if the governing body of a State or a local educational agency has mandated in law or local ordinance that State and local funds shall be expended at different rates for children in certain educational categories, age groupings, or grade levels, then the number of such children enrolled for the purpose of the local educational agency's comparability report may, with the approval of the State educational agency, be derived by multiplying the actual number of children enrolled by the rate specified for each such category, age grouping or grade level.

(2) The full-time equivalent number of certified and noncertified instructional staff members, who are paid with State or local funds regularly assigned to such public school or schools;

(3) The total amount of State and local funds being expended on an annual basis for salaries for such instructional staff members less the amount of such salaries based on length of service (longevity);

(4) The number of enrolled children as reported under subparagraph (1) of this paragraph per instructional staff member as reported under subparagraph (2) of this paragraph;

(5) The amount expended per enrolled child as reported under subparagraph (1) of this paragraph for salaries for instructional staff as reported under subparagraph (3) of this paragraph; and

(6) The number of children and of members of instructional staff and expenditures for such staff, if any, that were excluded from determinations in accordance with paragraph (j).

The term "instructional staff members" as used in this section means staff members who render direct and personal services which are in the nature of teaching or the improvement of the teaching-learning situation. The term includes teachers, principals, consultants, or supervisors of instruction, librarians, and guidance and psychological personnel; it also includes aides or other paraprofessional personnel including clerical personnel employed to assist such instructional staff members in providing such services.

(c) *Date as of which data must be collected.* The data required by paragraph (b) of this section shall be as of a date not later than November 1 of each fiscal year as specified by the State educational agency. To the extent practical such date shall be the date nearest October 1 as of which similar data, such as enrollment data, are required for reports to the State educational agency. The local educational agency with the approval of the State educational agency may, however, submit data based on averages for a definite regular school reporting period which includes the date specified by the State educational agency.

(d) *Date for filing report.* The report required by paragraph (b) of this section shall be filed with the State educational agency no later than December 1 of each fiscal year.

(e) *Determination of comparability.* The services being provided by the local educational agency with State and local funds in a Title I project area shall be deemed to be comparable to the services being provided with such funds in areas not being served under Title I, if the State educational agency determines that, for schools serving corresponding grade levels:

(1) The number of children enrolled per instructional staff member, reported in accordance with paragraph (b)(4) of this section, for each public school serving a Title I project area is not more than 105 percent of the average number of children per instructional staff member in all other public schools in the applicant's district; and

(2) The annual expenditure per child, determined in accordance with paragraph (b)(5) of this section, in each public school serving a Title I project area is not less than 95 percent of such expenditure per child in all other public schools in the applicant's district.

(f) *Action by State agency in cases of non-comparability.* (1) If any school serving a Title I project area is determined not to be comparable under paragraph (e) of this section, as of the date specified in accordance with paragraph (c) of this section, and the local educational agency does not submit a revised comparability report by December 1 of that year showing that comparability in accordance with this paragraph has been achieved, the State educational agency shall as of that December 1 suspend its approval of the project until the date such a report is submitted to that agency, provided the date of such submission is not later than the following March 31. Where such a report is filed by March 31, such suspension shall be lifted as of the date on which comparability has been achieved by such agency as shown in such report. Each revised report shall include all data required by paragraph (b), recorded as of a specific date on which the reallocation of resources has taken effect.

(2) If such a report is not submitted to the State educational agency by March 31, that agency, after notifying the applicant agency and providing it an opportunity for a hearing (in accordance with the provisions of § 116.6(b) of Part 116), shall finally disapprove the project and reallocate all unobligated funds in the applicant's allocation as of December 1 to other complying local educational agencies in the State in accordance with the provisions of § 116a.11 of this part.

(3) If the State educational agency finds that, as of a date after December 1, a local educational agency has failed to maintain comparability in accordance with paragraph (e) of this section and has not taken prompt action to correct that lack of comparability, the State educational agency shall, as of the date of such failure to maintain comparability, suspend its approval of the project until the date as of which such local educational agency (by means of a revised comparability report) demonstrates that comparability has been achieved. If such local educational agency fails to demonstrate compliance by March 31, the State educational agency shall revoke its approval of the project (subject to notice and opportunity for hearing) as of the date the local educational agency was found not to be in compliance and shall reallocate the balance of the unobligated funds to other complying local educational agencies in the State.

(4) No Title I funds may be used to pay for obligations incurred by a local educational agency during a period of suspension under this section.

(g) *Special reports regarding migratory children.* (1) For the purpose of this section, the Commissioner may designate those local educational agencies which enroll substantial numbers of migratory children of migratory agricultural workers and migratory fishermen from which a State educational agency shall secure special reports. Each such report shall be in the form prescribed in paragraph (b) of this section and the data provided shall be as of the date prescribed by the Commissioner.

(2) Such date will be selected on the basis of the best available information indicating when the highest concentration of migratory children of migratory agricultural workers or migratory fishermen in the school district of the local educational agency is most likely to occur. The Commissioner will also designate the date such a special report shall be submitted to the State educational agency and by that agency to him.

(3) The State educational agency shall determine on the basis of such special report whether the local educational agency is providing comparable services in project areas in accordance with paragraph (e) of this section and shall take such action as may be required by paragraph (f) of this section.

(h) *Assurances and data filed by local educational agencies.* On or before July 1 of each year each local educational agency shall file with the State educational agency:

(1) An assurance that the comparability of services previously demonstrated with respect to Title I project areas in accordance with paragraph (e) of this section will be maintained in all such areas, including areas serving migratory children of migratory agricultural workers or migratory fishermen, that will be designated as Title I project areas for the next fiscal year;

(2) Data on schools serving attendance areas, if any, that will be designated for Title I projects for the next fiscal year but were not designated for such projects in the preceding fiscal year. Such data shall show either that such schools would have been comparable during the preceding fiscal year if those areas had been designated for projects or will, as the result of specific action by the local educational agency, be comparable during the next fiscal year; and

(3) A statement of the specific policies and procedures adopted by the local educational agency to assure that textbooks, library resources, and other instructional materials and supplies are provided for each school serving a Title I project area on a basis that is comparable to that for non-project areas.

(i) *Grouping of schools.* (1) For the purposes of this section, a local educational agency shall group its schools by corresponding grade levels not to exceed three such groups (generally designated as elementary, intermediate or junior high school, and high school or secondary) for all the schools in the school district of such agency, except that local educational agencies providing education at seven or fewer grade levels above kindergarten shall be limited to one group, and those agencies providing education only at eight or nine grade levels above kindergarten shall be limited to two groups. In the case of agencies providing education at any level from grades six through twelve but only at those levels, the number of such groups shall be limited to two if the number of such grade levels is five or six and to one group if the number of such grade levels is four or less.

(2) A school serving grades in two or three such groups shall be included in that group with which it has the greatest number of grades in common. Where the number of grades in common are equal between two or more groups, the school shall be included in the lower grade division. For example, a local educational agency might have the following grade span organization: K–6 (elementary), 7–9 (junior high), and 10–12 (senior high). In addition, the local educational agency might have an intermediate school serving grades 5–8. Since this intermediate school has two grades in common with the elementary division (grades 5 and 6) and two grades in common with the junior high division (grades 7 and 8), it would be included in the lower grade division (elementary) for determining comparability.

(3) Local educational agencies having schools serving eight or more grades above kindergarten may consider such schools to be a separate group in addition to the number of groups determined under subparagraph (1).

(4) If, for a particular grade span, one school has an enrollment that is at least two times that of another, the local educational agency may divide such schools in that grade span into two groups; one for the schools with the larger enrollments and one for the schools with the smaller enrollments, except as provided in the following sentence. Local educational agencies having schools with enrollments of 100 or less shall exclude such schools in making a determination of the size of the smallest school.

(20 U.S.C. 241e(a)(3))

(j) *Exclusions from determinations in certain cases.* (1) In cases where handicapped children (as defined in § 121.2 of this chapter) or children with specific learning disabilities (as defined in § 121.2 of this chapter) are enrolled full time in special education classes, and where children of limited English speaking ability are enrolled full time in special programs of bilingual education, all those children, the teachers and other instructional staff members who serve them, and instructional expenditures for such staff may be excluded by the local educational agency (at its option) in determining the comparability of services provided in project areas.

(2) Subject to the provisions of paragraph (j)(3) of this section, a local educational agency may (at its option) exclude from determinations under this section, expenditures of State and local funds for (i) programs of bilingual education for children of limited English-speaking ability or (ii) special programs for handicapped children where such children of limited English-speaking ability or such handicapped children do not participate in such programs on a full time basis and may also exclude the staff employed with such State and local funds. If expenditures for staff and numbers of staff are excluded in accordance with the preceding sentence, then the full time equivalent number of children served under such programs may also be excluded.

(3) In order to make the exclusions as provided for in paragraph (j)(1) and

(j)(2) of this section, a local educational agency must demonstrate, to the satisfaction of the State educational agency, that the services provided with such State and local funds to such children of limited English-speaking ability or handicapped children who reside in Title I project areas are comparable to such services provided to similarly disadvantaged children in nonproject areas.

(4) For the purposes of this section, the term "program of bilingual education" means a program of instruction designed for children of limited English speaking ability.

(5) State and local funds expended for State and local programs similar to programs provided under Title I for educationally deprived children and the number of full time equivalent instructional staff members employed through the use of such funds may, at the option of the local educational agency, be excluded from determinations under this section. For the purpose of this section a State or locally funded program for educationally deprived children shall be considered to be similar to programs under Title I if (i) the participating children are "educationally deprived" children as defined in § 116.2 of Part 116; (ii) the program is based on performance objectives related to educational achievement and provides supplementary services designed to meet the special educational needs of those particular children; (iii) the program is evaluated in a manner consistent with those performance objectives, and (iv) for purposes of determining compliance with clauses (i)–(iii) the local educational agency is separately accountable to the State educational agency for any State or local funds expended for such program.

(20 U.S.C. 241e(a) (1), and (3), 244(17); House Rept. 93-805, p. 18 (1974), Senate Rept. No. 93-1026, p. 147 (1974))

(k) *Schools with 100 or less children.* A school with an enrollment of 100 children or less (as of the date or dates the data required by paragraph (b) of this section are collected) shall not be included for purposes of this section, provided that, if the local educational agency operates schools of such size and corresponding grade levels both for areas to be served and areas not to be served under Title I, such agency files with the State educational agency a statement of the policies it will follow concerning the allocations of staff to such schools and the State educational agency finds that such policies are consistent with the objectives of this section.

(l) *Inapplicability to certain agencies.* The requirements of this section are not applicable to a local educational agency which has shown the State educational agency that it is operating only one school serving children at the grade levels at which services under Title I are to be provided or which has designated the whole of the school district as a project area in accordance with § 116a.20(d).

(m) *Maintenance of records.* (1) Local educational agencies required to report under this section shall maintain, by individual schools

(i) Appropriate resource records, including records of children's enrollment;

(ii) Worksheets showing the total number of full-time instructional staff members, the full-time equivalent number of part-time instructional staff members and the total amount of State and local funds being expended for their salaries (including the prorated portions of salaries for part-time staff) less the total amount of such salaries based solely on longevity;

(iii) Appropriate records documenting the exclusions made pursuant to paragraph (j) of this section; and

(2) Such records and worksheets, demonstrating the maintenance of comparability for the entire school year, shall be filed, indexed, and maintained in such a manner that they may be readily reviewed by appropriate local, State, and Federal authorities and shall be retained in accordance with applicable record retention requirements. All such records and worksheets shall be available to the public in accordance with the provisions of § 116.35.

(n) *State agency submissions.* (1) By January 1 of each year, the State educational agency shall submit to the Commissioner in such form as he will prescribe, a copy of the comparability report for each local educational agency in the State which the Commissioner has determined to be in a national sample of such agencies for that year.

(2) The State educational agency shall also submit to the Commissioner by January 1 of each year, a report identifying each local educational agency that failed to meet the comparability requirement of paragraph (e) of this section on the date specified under paragraph (d) or (g) of this section and indicating for each such agency either (i) that such agency has allocated or reallocated sufficient additional resources to Title I project areas so as to come into compliance with such requirements and has filed a revised comparability report reflecting such compliance or (ii) that the State educational agency is withholding the payment of Title I funds to the noncomplying local educational agency.

(3) A copy of each revised comparability report in such form as the Commissioner will prescribe shall be included with the State educational agency's report to be submitted by January 1.

(4) Not later than April 30, the State educational agency shall report to the Commissioner whether any noncomplying local educational agencies have come into compliance, and if so, the State educational agency shall include revised comparability reports for such local educational agencies reflecting such compliance.

(o) *Local educational agencies which receive substantial Federal funds.* A local educational agency receiving at least 95 percent of its funds for education from Federal sources shall not be required to meet the provisions of this section.

(20 U.S.C. 241e(a)(3))

[FR Doc.76-28162 Filed 9-27-76;8:45 am]

Appendix 3

Title I Funds Allocation: The Current Formula

A Report From the National Institute of Education

The National
Institute of
Education
U.S. Department of
Health, Education and Welfare
Washington, D.C. 20208

TITLE I FUNDS ALLOCATION: THE CURRENT FORMULA

September 30, 1977

The National Institute of Education
U.S. Department of Health, Education, and Welfare
Washington, D.C. 20208

PREFACE

The Compensatory Education Study on which this report is based was requested by Congress in the 1974 Elementary and Secondary Education Amendments. The 1974 Amendments emphasize the direct responsibility of the National Institute of Education (NIE) to the Congress. The study began in February of 1975 only after Congress had reviewed an official research plan submitted by NIE; it was funded with $15 million specially set aside from the Title I program appropriation. Results of the study will be reported directly to the President and the Congress.

This direct responsibility to Congress led NIE to ensure that the study could be planned and integrated within the Institute. A special staff was established to conduct the study, and it was placed in NIE's Educational Equity Group. That staff has planned and closely managed the research on which this report is based and the 35 research projects that make up the whole compensatory education study.

James Harvey, Charles Troob, and Alison Wolf were responsible for planning and supervising the research on which this report is based. James Harvey wrote most of the report. Paul Hill and Iris Rotberg also contributed to the design of the studies reported here. Chapters I through III are based on data prepared and analyzed by Charles Troob with the assistance of Linnea Hoffman. Chapter IV is based on data collected and analyzed by Alan Paller and Steve Smith of Applied Urbanetics, Incorporated. Chapter V was written by Margot Nyitray of NIE from data collected and analyzed by James Murray of Policy Research Corporation. Alison Wolf wrote Chapters VII and VIII, based on analyses conducted by Michael Consiglio of Applied Management Sciences and Martin Feldstein of Harvard University, respectively.

The work of several other people outside NIE is reflected in this report. In particular, Stephen Barro provided constructive comments on an early draft. Genevieve Dane and Carolyn Homer of the Office of Education, as well as Forrest Harrison of the National Center for Educational Statistics, Charlene Doyle of the

Office of the Assistant Secretary for Planning and Evaluation, and Arno Winard, of the Bureau of the Census, were generous with their time as the research progressed.

In addition, the staff of Biospherics Incorporated, including in particular, Bill Sowers, Rose Gerstner, and John Shipman, were unfailingly patient in editing and preparing this report and the others provided in this series.

Chairman Owen Peagler of the National Advisory Council on the Education of Disadvantaged Children and the members and staff were generous with their time in advising on the execution of the study, as were a great number of educational agencies and associations at the Federal, state, and local levels. The staff of the U.S. Office of Education's Division for the Education of the Disadvantaged has been consistently open and helpful throughout the study.

Members of the NIE staff too numerous to mention have offered expert advice on research and helped select contractors. In particular, Vera Brown and Michael Timpane provided useful comments on this report.

Paul Hill, Director
NIE Compensatory Education Study

Iris Rotberg, Associate Director
NIE Compensatory Education Study

SUMMARY

This is one of six reports that the National Institute of Education (NIE) is publishing in the summer and fall of 1977 in response to a mandate contained in the Elementary and Secondary Education Amendments (ESEA) of 1974. The purpose of this report is to describe the effects of the current Title I allocation formula on the distribution of funds and to examine several selected alternatives. The other reports in this series include:

- A description of the services provided with Title I funds
- An analysis of the likely consequences of using student achievement test scores to allocate funds to States and school districts
- The results of demonstration projects in 13 school districts that are using new methods, featuring student achievement data, to allocate Title I funds among schools and students
- The results of a major new study on the effectiveness of selected aspects of compensatory instructional services
- An assessment of Federal and state administration of the Title I program.

This volume focuses on the effectiveness of Title I of ESEA in meeting one of its principal purposes: directing Federal education funds to school districts and schools serving low-income children.

The formula designed to make that goal a reality provides, in general, that each school district shall receive for each child counted in the formula, 40% of the average expense of educating a child in that district's State. There are several categories of formula-eligible children; however, over 90% of them are 5- to 17-year-old children counted in the 1970 census and determined to be from poor families according to the official Government measure of poverty, the Orshansky Index. Most of the rest of the children counted in the formula are from families receiving more than $5,040 annually under the Aid to Families with Dependent Children (AFDC) program. Because Title I is not fully funded, in 1977 districts received only 16% of the average state expenditure, rather than the 40% designated by the statute.

The actual allocation process involves three stages: (1) the Office of Education allocates funds to counties; (2) States, sometimes using different criteria, allocate county grants to school districts; (3) school districts, using their own criteria, distribute Title I resources to schools.

NIE's research examined the effectiveness of the overall formula in allocating funds to low-income counties and districts, as well as the effects of the flexibility permitted States and districts in selecting their own criterion for subcounty allocation and school eligibility determination.

Moreover, NIE has also compared Title I to other Federal and state programs to examine the extent to which Title I redistributes funds to low-income areas and equalizes educational expenditures on low-income students.

The principal findings at the county level are:

- The Title I formula clearly accomplishes the purposes intended by the framers of the statute. As the number of formula-eligible children in a county increases, the average Title I allocation to the county rises consistently.
- The largest proportion of Title I money is directed to the two kinds of places with the most formula-eligible children: large central cities and rural sections outside metropolitan areas.
- Southern States, which contain the largest proportions of children counted as eligible under the formula, receive the largest proportion

of Title I funds, followed by the Northeast, North-Central, and Western regions.

- Due to their very high concentrations of low-income children, Southern counties receive more money for each school-aged child than counties in other regions. The correlation between the Title I allocation per school-aged child and the percentage of formula-eligible children is extremely high--0.93.

- The average amount for each formula-eligible child at the county level reflects the average expenditures of the States in which the counties are located. Urban and Northeastern counties receive the most money for each formula-eligible child; rural and Southern counties, the least.

- The allocation per formula child is relatively low for counties that contain high proportions of eligible children. This is because the Southern States, which have the lowest educational expenditures, also contain most of the districts that have heavy concentrations of low-income children.

An analysis of district grants indicates that, in the aggregate, district allocations reveal patterns similar to those observed at the county level. A study of subcounty allocation examined the degree to which unusual subcounty formulas change the distribution of funds to some districts. The principal findings of the study are:

- Of the 46 States that must allocate county grants to districts, 24 attempt to replicate the statutory formula used to allocate funds to counties, 10 emphasize 1970 census data in their allocations, 5 rely solely on AFDC data, and 7 use unique formulas.

- Detailed analyses of data from 24 States indicate that States that ignore census data in subcounty allocation alter the allocation intended by the Federal formula considerably. As much as 16% of the

Title I funds in some States would shift among districts if the Federal statutory formula were substituted for current state procedures.

- Imposition of the Federal formula on the subcounty allocation process in States emphasizing AFDC for subcounty allocation would probably help districts with poverty concentrations in excess of 20%; however, it would do so at the expense of central cities and districts with high concentrations of minority students.

- Other than more frequent censuses, there is probably no source of up-to-date information that could support perfectly consistent subcounty allocation procedures.

District school selection and resource allocation procedures were examined using data obtained in the National Survey of Compensatory Education, which obtained detailed information on Title I services, students, and district allocation procedures in 100 school districts in 1975-1976. In general, the survey data indicated:

- Census, AFDC, and school lunch information is most commonly used in determining school eligibility, although 10 different sources of information were cited by the districts.

- School districts usually employ more than one source of data in determining eligibility.

- Based on data collected in the survey, NIE calculated that between 45% and 48% of the schools in the districts surveyed would be eligible if census, AFDC, or free lunch counts alone were used to determine eligibility.

- The districts, however, report that 68% of their schools are eligible.

- It appears that districts are counting a school eligible if it meets any of the criteria they use—almost 15% of the schools eligible under a criterion such as free lunch counts are deemed ineligible under other criteria such as census data.

- Targeting specific schools as a separate step appears to be practically nonexistent. Over 80% of the districts report serving all eligible schools, with the result that 94% of the eligible schools and 62% of all schools in Title I districts receive some Title I resources.

- District criteria for distributing Title I resources among target schools vary widely. The number of teachers or amount of equipment provided may be based upon the numbers of low-achieving students in the school, the numbers of low-income students in the school, or very vague estimates of where the need is greatest. The regulations governing the resource allocation process to targeted schools provide little direction for district administrators.

NIE also examined Title I to see how it compared with other Federal and state programs in terms of the degree to which it provides more money to low-income than high-income areas, equalizes funding among areas, and adds to total educational spending. In general, it appears:

- Title I has greater redistributive effects than either state aid programs on average or other Federal aid examined as a whole.

- Title I has only a limited effect on equalization, mainly because the state cost factor provisions direct funds to areas already providing large amounts of money for education.

- Approximately two-thirds of every Title I dollar is spent on additional educational programs at the local level--a figure that far exceeds other Federal as well as state programs.

THE NIE COMPENSATORY EDUCATION STUDY

REQUEST FOR THE STUDY

The Education Amendments of 1974 (Public Law 93-380), the major education legislation of the 93d Congress, extended and changed the Elementary and Secondary Education Act (ESEA) of 1965 and extended other Federal education programs, including the Education of the Handicapped Act and the Adult Education Act, as well as the impact aid, Indian education, and emergency school aid programs.

The law also directed various Federal agencies to conduct studies and surveys so Congress might have the benefit of more up-to-date and accurate information during its future consideration of legislation to assist elementary and secondary education. Among these directives is Section 821 of the Education Amendments, which instructs the National Institute of Education (NIE) to conduct a study of compensatory education, including compensatory programs financed by States and those funded under authority of ESEA Title I.

Compensatory education includes a number of Federal and state programs in addition to ESEA Title I. The relative size, scope, and long history of Title I mark it as the most important of the compensatory education programs. To ensure adequate depth and scope for the study, NIE chose to focus most of its attention on Title I. In 1977, that title, the largest Federal education effort at the elementary and secondary level, provided over $2 billion, most of which was used to improve educational programs for low-achieving students in school districts serving children from low-income families.

Specifically, Section 821 instructs the Institute to conduct a study incorporating:

- An examination of the fundamental purposes and effectiveness of compensatory education programs

- An analysis of the ways of identifying children in greatest need of compensatory education
- An exploration of alternative ways of meeting these children's needs, including the use of written educational plans
- An examination of the feasibility, cost, and consequences of alternative ways of distributing Federal compensatory education funds
- Not more than 20 experimental programs to examine the issues above

The relevant sections of the 1974 statute authorizing the study are reproduced in Appendix A.

Section 821 also directs the Presidentially appointed National Advisory Council on the Education of Disadvantaged Children to advise the Institute on the design and execution of the study.

Finally, the law, as amended by Public Law 94-482, requires NIE to submit interim reports to the President and Congress on December 31, 1976, and on September 30, 1977, and to submit a final report in September 1978.

LEGISLATIVE BACKGROUND

The breadth of the examination of compensatory education requested of NIE, ranging from the allocation of funds to specific instructional approaches, reflects a number of concerns that figured prominently during the 1974 Congressional consideration of the extension of ESEA Title I. Among the concerns at issue were:

- The effects of altering the definition of poverty used in the Title I allocation formula

- The feasibility of using measures of student achievement rather than numbers of low-income children in the formula

- The possibility of requiring individualized programs of instruction for each student participating in a Title I program

- The merits of requiring school districts to spend as much as 85% of their Title I grants on basic skills instruction in reading and mathematics

- The relatively narrow focus of most prior efforts to evaluate the effectiveness of Title I

RESEARCH STRATEGY

Like the provisions that authorized the study, therefore, NIE's evaluation adopted a wide focus during its examination of compensatory education. Essentially, the Institute has interpreted the provisions of Section 821 as constituting two major requests from Congress. The first requires an assessment of the effectiveness of compensatory education programs in meeting their fundamental purposes; the second requires an examination of several alternatives that might improve the effectiveness of compensatory education programs.

In response to these requests, NIE developed a strategy designed to produce a complete understanding of how the Title I program operates in practice as well as how it might change if any of several alternatives were adopted. The strategy involved examination of four major areas:

- Funds allocation

- Service delivery

- Student development

- Program administration

The study defined the first three of these areas as the "fundamental purposes" of Title I. The fourth was examined to determine both how the administrative structure required to implement such a large education program promotes achievement of program purposes and how administration might be improved.

FUNDAMENTAL PURPOSES

To examine the fundamental purposes of compensatory education programs, the broad philosophical concerns that might have motivated the program's originators must be distinguished from the more concrete operational purposes that are built into the program.

The originators of compensatory education efforts, such as Title I, may have had in mind some very general objectives, including helping to eliminate poverty, contributing to the redistribution of wealth and opportunity, reforming education, and symbolizing society's commitment to helping the disadvantaged. Although it is possible to speculate about what their motivations might have been, the debates, statutes, and official legislative reports that established the program contain a specific set of fundamental purposes, which were described in some detail in the Institute's December 1976 publication, Evaluating Compensatory Education: An Interim Report on the NIE Compensatory Education Study. These purposes, clearly discernible in the statute and accompanying formal Congressional statements, are:

(1) To provide financial assistance to school districts in relation to their numbers of low-income children and, within those districts, to the schools with the greatest numbers of low-income students

(2) To fund special services for low-achieving children in the poorest schools

(3) To contribute to the cognitive, emotional, social, or physical development of participating students

These goals of Title I are consistent with one another, but each is not equally important to all Members of Congress. Congressional debates, and even the language of different parts of committee and conference reports, suggest that Members of Congress differ about the relative importance of respective purposes. Some Congressional statements imply that the purposes form a hierarchy in which Title I delivers funds and provides services only to increase children's academic achievement (making the third the most important). Other statements, however, make it clear that allocation of funds and delivery of services are important ends in themselves and might, in fact, define the practical limits of Federal action to promote the development of children.

STRATEGY FOR ASSESSING COMPENSATORY EDUCATION

Evaluation of Title I must start from the recognition that the program has several goals, and to focus exclusively on one improperly ignores the others. Evaluation must also acknowledge that Title I operates through the Federal system and that state and local governments determine what it will be in practice. Although there is only one Federal Title I program (i.e., only one basic framework of laws and policies), it operates differently in every State, in 14,000 school districts, and in countless classrooms. Thus, to understand and evaluate Title I it is necessary to consider the ways in which Federal policy interacts with the actions of States and local educational agencies (LEAs) that actually implement the program.

Early national evaluations of Title I considered only the third goal--contributing to children's development--and often rendered judgments on the efficacy of the program without accounting for the diverse ways in which LEAs had implemented it. Those evaluations overlooked some important truths about Title I: it has several objectives, and under it LEAs deliver a range of services with a variety of aims and emphases to a diverse set of beneficiaries. In contrast to earlier evaluations, therefore, NIE's strategy is designed to (1) provide clear information about what Title I is accomplishing toward achievement of each fundamental purpose and (2) examine the implications of alternative ways of organizing the efforts of the Federal, state, and local governments to achieve these purposes.

THE REPORT

This volume is one of several intended to comply with the statutory requirement that a second interim report be completed not later than September 30, 1977. It presents NIE's findings on the extent to which compensatory education is fulfilling its first purpose--the provision of financial assistance to school districts and to schools in relation to their population of low-income children.

Five other reports are being published this summer and fall on the following topics:

- The services provided with Title I funds
- The feasibility, costs, and consequences of using counts of low-achieving children in allocating Title I funds to school districts
- The effects of using student achievement to allocate funds within school districts
- Student development in compensatory programs
- Administration of compensatory education

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CHAPTER I. THE FUNDS ALLOCATION PROCESS

Title I of the Elementary and Secondary Education Act (ESEA) of 1965, as amended, is the largest Federal program providing assistance to elementary and secondary education. The formula by which Title I allocates funds to States and school districts was designed to accomplish a specific purpose: to provide additional funds for districts and schools serving low-income children.

A formula grant program such as Title I involves a number of Congressional decisions on how funds should be disbursed. Factors in these decisions include: the appropriate population counted in the grant formula; the amount to be allocated per eligible; the structure of the grant, including, for example, whether it should be a block or matching grant; and whether limitations should be placed on the use of grant money.

In establishing Title I, Congress decided that low-income children were the appropriate population for inclusion; that allocations in the form of a block grant should be related to state costs of education; and that the funds should be used for special services for educationally disadvantaged children.

This report examines the effectiveness of the Title I formula in allocating funds to areas with low-income children, and the contributions of each of the major formula elements to the patterns of distribution. It discusses the allocation of funds to counties, within counties to local educational agencies (LEAs), and within school districts to eligible schools. In addition, the report examines the effectiveness of Title I in increasing spending on education at the local level, and several alternatives that have been proposed for allocating Federal funds to areas with low-income children. Finally, the report compares the distributional effects of Title I with those of other Federal programs and state aid for elementary and secondary education.

As background for the report, the remainder of this chapter provides a general overview of the current Title I funds allocation process. This process is discussed in greater detail in Appendix B.

ALLOCATIONS TO STATES AND SCHOOL DISTRICTS

Title I currently provides over $2 billion for elementary and secondary education in the form of grants to LEAs and to state education agencies (SEAs). The title has two sections: Part A, funded at $2.25 billion in fiscal year 1978, provides grants to LEAs, SEAs, and to the Bureau of Indian Affairs (BIA); and Part B, funded at $24.8 million, provides grants to States with "high effort" and money with which States select and support special projects run by LEAs. (High-effort States are those in which the ratio of non-Federal expenditures on education to personal income is high.) Table I shows how funds under both Parts A and B are distributed among various programs; Appendix C lists Title I allocations by State. NIE's research focuses on the allocation of Part A grants to LEAs. These grants account for 81% of total Title I expenditures. Most of the remainder is used for programs operated by state agencies serving such special populations as handicapped or migrant children.

An LEA's allocation under Part A is determined by a formula. For each school-aged child from a low-income family, the LEA is entitled to a Federal grant worth 40% of the average per-pupil expenditure (APPE) in that State. An LEA's entitlement, therefore, is computed by multiplying the number of formula-eligible children by the cost factor of 40% of the State's APPE. However, no State's cost factor is permitted to exceed 120% of the national APPE; nor can any State's cost factor fall below 80% of the national average. Because the appropriations for Title I fall short of the level of authorization, LEAs do not receive full entitlements of 40%; they received only about 16% of the state expenditure for each eligible child in 1977.

TABLE 1

TITLE I ALLOCATIONS FOR FISCAL YEARS 1977 AND 1978*
($ in millions)

Title I--Part A	1977	1978
LEA grants, 50 States and District of Columbia	1,653.5	1,851.5
LEA grants, Puerto Rico	46.8	53.0
LEA grants, outlying areas	3.2	**
Grants to state agency education programs:		
For handicapped children	111.4	121.6
For migrant children	130.9	145.8
For children in institutions for the delinquent	19.0	19.5
For children in adult correctional institutions	7.8	8.3
For children in institutions for the neglected	2.0	2.0
Grants to the Bureau of Indian Affairs	17.6	**
Grants to SEAs for administration of Title I	21.2	23.4
Subtotal, Part A***	2,013.5	2,247.3
Title I--Part B		
Special incentive grants to LEAs	24.5	24.5
Special grants to SEAs for administration of Part B	0.2	0.2
Subtotal, Part B***	24.8	24.8
Other		
Evaluation and studies	11.5	12.3
Adjustments and undistributed funds	0.2	0.7
Subtotal, Other	11.7	13.0
TOTAL***	2,050.0	2,285.0

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*The funds allocated in Title I are appropriated in the budget for the prior fiscal year.

**An allocation of $22.3 million will be shared by BIA and outlying LEAs when the appropriate division has been determined.

***Figures do not balance because of rounding.

There are several categories of eligible children. For the sake of clarity, they were referred to earlier as school-aged children from low-income families. To be more precise, those eligible for counting in determining LEA grants include:

- Children aged 5 to 17, inclusive, from families below the Orshansky poverty level as counted in the census[1]

- Two-thirds of the children aged 5 to 17 from families receiving payments, under Aid to Families with Dependent Children (AFDC), which total more than the current poverty level for a nonfarm family of four

- Children aged 5 to 17--being supported with public funds--who live in foster homes or in institutions for neglected or delinquent children and depend on LEAs for educational services

The data required for the formula are readily available for the entire Nation only to the county level. As a result, the U.S. Office of Education (OE) applies the mandated formula only to this level, and it delegates to the States the responsibility for allocating county grants to LEAs, in cases where LEAs are not coterminous with counties. These subcounty allocations, which affect most LEAs, must be based on counts of low-income children, and States are required to use procedures and data approved by the Commissioner of Education.

Procedures for Allocating Funds Within School Districts

LEAs have considerable control over the Title I funds allotted to them. Although their use of money is governed by a number of Federal and state regulations and guidelines, the LEAs decide which schools and pupils to select for Title I programs and how to distribute the federally funded resources among these schools and pupils.

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[1] The Federal poverty definition, named for its developer Mollie Orshansky, sets poverty-level incomes by estimating the costs of adequate diets for different sizes and types of families and the typical costs of other goods and services relative to food expenditures. It includes 124 different poverty lines and was incorporated into the Title I formula in 1974.

The regulations have two major objectives: (1) to ensure that Title I services go to schools in the poorest areas and serve the lowest achieving students in them; and (2) to ensure that services paid for with Title I funds are additional to those that districts routinely provide to their students.

In selecting the recipients of Title I services, LEAs are expected to:

- Identify eligible schools in the district by using a poverty criterion
- Select target schools (that is, decide which of the eligible schools will, in fact, receive Title I services)
- Distribute services among targeted schools
- Identify the categories of children to be served in target schools
- Select from those eligible the students who will, in fact, be served

The students selected for participation in Title I programs at the school level are not necessarily those counted in the formula used to allocate funds at the county level. Moreover, a definition of poverty other than that used to allocate funds to counties is permissible both in the subcounty allocation process and in the procedures by which districts identify and target eligible schools. The total funds allocation process involves at least four steps:

- A Federal formula based largely on income allocates funds to the counties.
- Within counties, a state formula, frequently using different definitions of poverty, allocates funds to districts.
- Within districts, a third definition of poverty identifies and targets eligible schools.
- Students are selected for services, irrespective of their income, on the basis of their need for educational assistance.

CHAPTER II. DISTRIBUTIONAL EFFECTS OF THE CURRENT FORMULA

This chapter describes the distributional effects of the current Title I formula. The data analyzed are for fiscal year 1977, when Title I allocations to school districts in the United States under Part A amounted to $1.653 billion. Any school district with 10 or more children eligible for counting in the formula was entitled to receive funds under Part A.

Except for the first year of the program, the monies appropriated for Title I have not been sufficient to fund district entitlements fully. Because counts of eligible children are readily available only at the county and not the school-district level, OE calculates grants for counties, leaving to the States the task of allocating these awards among the school districts or parts of districts within the county.

The following analyses examine the distributional consequences of the Title I formula at the county level and then compare them to the distributional pattern at the district level.

COUNTY ALLOCATIONS AND NUMBERS OF ELIGIBLES

Title I was designed to direct funds to areas in relation to the number of low-income children residing in them, as defined by Congress for the purposes of the program. At the county level, it clearly succeeds in this most basic objective. Table 2 demonstrates that Title I county allocations rise consistently in relation to the number of formula-eligible children residing in the county (see Appendix D).

TABLE 2

RELATIONSHIP BETWEEN NUMBERS OF FORMULA-ELIGIBLE CHILDREN AND COUNTY ALLOCATIONS

Formula-Eligible Children in County	Average Title I Allocation
0 to 100	$ 10,044
101 to 250	33,184
251 to 500	68,383
501 to 1,000	133,462
1,000 to 2,500	289,021
2,501 to 5,000	620,961
5,001 to 10,000	1,314,872
Over 10,000	5,941,160

The relationship between the number of formula-eligible children in a county and the size of its allocation is not perfect because the Title I formula also takes other factors into account. Nevertheless, it is consistent and strong.

DEMOGRAPHIC CHARACTERISTICS OF RECIPIENT AREAS

A more complete description of the distributional effects of the Title I formula can be obtained by examining various demographic characteristics of areas receiving funds. The following section describes how the allocation formula benefits counties classfied by:

- Place types--i.e., counties classified as central city, suburban, and nonmetropolitan
- Concentrations of poor population
- Concentrations of minority population[1]

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[1] In addition, Appendix E examines the allocation of funds among counties and school districts classified by a number of other variables such as median family income and equalized property value per pupil. The relationship of Title I allocations to expenditures per pupil is discussed in Chapter VIII.

Each classification is discussed, first, in national terms, and then in terms of any significant regional or intraregional differences. The analyses focus on the amount of money different types of counties, in different regions, receive for each child counted in the formula (formula child). These amounts can be compared with a distribution based solely on the 8.568 million children counted in the formula, under which each county would have received $193 per formula child residing within its boundaries.

The yardstick of $193 is useful only as a rough approximation because the amount a county receives for each eligible child is weighted by the cost factor of the State in which the county is located. Nevertheless, in considering the distributional effects of the Title I allocation formula, it is apparent that jurisdictions receiving more than $193 per formula child are receiving more assistance per child than the national unweighted average. Similarly, jurisdictions receiving less than $193 per formula child are helped less than the national average.

Quite clearly, in writing the Title I formula, Congress intended that some areas would receive more money for each eligible child than others: the principal purpose of the APPE provisions was to provide a level of Federal funds that was reasonably related to the cost of education for each eligible child. The APPE provisions, therefore, provide a crude measure of state education costs, which is applied to all districts within each State.

The differences in dollar allocations per formula child, therefore, should not be regarded as unusual. Given the way the formula was written, the lack of such differences would indicate a serious problem with implementation of the formula.

It might be desirable to distinguish, within individual States, expenditure differences between central city, suburban, and rural areas to address the question of whether the purchasing power of Title I is equal in different areas. However, a practical method of implementing such an index has never been developed, much less seriously discussed in Congress.

Allocations by Place Type

Nationally, as Table 3 demonstrates, Title I provides large amounts of money to central cities and nonmetropolitan areas; over two-thirds of Title I funding goes to these areas, leaving slightly over one-quarter of the total allocation for suburban jurisdictions. In fact, over half of the total allocation goes to the largest central cities and rural sections of nonmetropolitan areas.[2]

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[2] The Office of Management and Budget (OMB) designates three kinds of geographic units by economic and demographic characteristics: (1) central cities; (2) standard metropolitan statistical areas (SMSA), which include as many as three central cities; and (3) nonmetropolitan areas. In this report, the definitions of central cities and nonmetropolitan areas correspond to OMB definitions, and "suburban" refers to places within SMSAs and outside the central cities.

"Large central cities" refers in this report to the 56 cities that reported populations of 250,000 or more in 1970. "Other central cities" include all other officially designated central cities as of 1970, and range in size from about 15,000 to 250,000 people.

"Suburban, urban" includes any other jurisdiction with a population over 2,500 in an SMSA. In major metropolitan areas, such jurisdictions can be very large. "Suburban, rural" includes rural areas of counties located within SMSAs. In addition, all areas added to existing SMSAs between 1970 and 1975 and all new SMSAs created during this period are classified as suburban.

Nonmetropolitan areas include all areas outside SMSAs as of 1975. Such areas are classified as "nonmetropolitan, urban" if they contain populations exceeding 2,500 but less than 50,000, and "nonmetropolitan, rural" if the population is less than 2,500.

NIE census tabulations were constructed from individual census records, which identify whether each household is in a central city, suburban, or nonmetropolitan area. The resulting tabulations indicate the number of children and poor children in each county living in each kind of place. Each county's allocation was divided among the place types in proportion to their share of the formula children.

TABLE 3

ALLOCATIONS BY PLACE TYPE

	Allocation ($ in millions)	Percent of Total Allocation	Per Formula Child
Central city	$633.3	38.3	$204
Large	460.6	27.9	210
Other	172.7	10.4	188
Suburban	461.8	27.9	198
Urban	308.7	18.7	203
Rural	153.1	9.2	189
Nonmetropolitan	558.4	33.8	178
Urban	161.3	9.8	179
Rural	397.1	24.0	177

However, this picture changes considerably when the average dollars allocated per formula child are considered. Under this standard, suburban areas receive over 11% more, and central cities 15% more, than do nonmetropolitan areas. The differences are slightly more pronounced if large central cities are compared with rural nonmetropolitan areas: large central cities receive 18% more per formula-eligible child than do rural nonmetropolitan areas. Compared with the national average of $193 per formula-eligible child, large central cities receive 109% of the average; and rural nonmetropolitan areas, 92%.

The difference in average dollars per eligible among cities, suburbs, and nonmetropolitan counties can readily be explained by the cost factor, which weights allocations by the average expenditures in the State where a county is located. Per-pupil expenditures are higher in the predominantly urban (and suburban) States than in the predominantly rural ones. For example, States such as South Carolina and Georgia, which have low average per-pupil expenditures, received $163 in 1977 for each eligible child. By contrast, New York received $244 per eligible child, and Pennsylvania, $228. (For details see Appendix F.)

Although cities and suburbs benefit at the expense of nonmetropolitan areas under the dollars per formula-eligible standard, suburban areas fall behind the other two in total allocations. The location of the children counted in the formula accounts for this. As is apparent from Table 4, central cities and nonmetropolitan areas account for almost three-quarters of the total children eligible for counting in the formula. It is, therefore, hardly surprising that they would receive most of the Title I allocation.

TABLE 4

DISTRIBUTION OF FORMULA
ELIGIBLES BY PLACE TYPE

	Number of Eligibles (in millions)
Central city	3.11
Large	2.19
Other	0.92
Suburban	2.33
Urban	1.52
Rural	0.81
Nonmetropolitan	3.14
Urban	0.90
Rural	2.24

Regional Differences.--Because conclusions based on data at the national level might conceal important regional differences, the data presenting allocations by location were reproduced for the four census regions and nine census divisions of the Nation. The regional data demonstrate the origins of the allocation patterns described above.

As Table 5 demonstrates, the South, with 45% of the eligibles, receives almost 40% of the total allocation. Each of the other regions fares slightly better in terms of the percentage of the total allocation it receives, given its percentage of the total eligibles. Each does so because the average expenditures of its States, in general, are relatively high.

TABLE 5

REGIONAL DISTRIBUTION OF FORMULA
ELIGIBLES AND TITLE I FUNDS

	Eligibles (millions)	Percent	Funds (millions)	Percent
Northeast	1.62	18.8	$378.9	22.9
North-Central	1.80	21.0	$367.4	22.2
South	3.90	45.5	$660.5	39.9
West	1.26	14.7	$246.7	14.9

The regional data also reflect the national patterns observed in the examination of dollars per eligible child. The heavily urbanized Northeast receives the most dollars per eligible, whereas the rural South receives significantly less.

The largest beneficiaries in terms of allocations per formula-eligible child are large central cities and suburbs in the Northeast (see Table 6 and Appendix G). The advantage enjoyed by northeastern cities is evident, and even smaller northeastern cities receive more than cities in other regions. Northeastern suburban and nonmetropolitan counties also receive significantly more dollars per formula-eligible child than do comparable counties in any other region. The central cities and suburbs in the north-central region are reasonably close to the northeastern cities and suburbs. Even these places, however, receive only 87% and 89%, respectively, of the dollars per eligible received by their northeastern counterparts.

TABLE 6

REGIONAL ALLOCATIONS PER FORMULA-ELIGIBLE CHILD BY PLACE TYPE

	Average	Central City	Suburban	Non-metropolitan
Northeast	$234.29	$237.76	$233.67	$220.57
South	169.25	173.91	172.01	165.55
North-Central	203.80	207.99	208.29	195.96
West	196.05	196.78	198.30	191.62

The differences apparent in data on regional allocations per formula-eligible child also reflect the effects of the cost factor. Regions encompassing States with high cost factors receive higher allocations for each formula child than do regions encompassing States with lower expenditures. Almost all Northeastern States receive over $200 per eligible due to their high cost factor, a level matched by very few States in other regions. By contrast, over half the States in the South receive the minimum of $163 per eligible due to their low level of current expenditure per pupil.

Concentrations of Formula-Eligible Children

Title I's distributional effects reflect what might be anticipated, given the provisions of the allocation formula designed for the program. Average size of grants to jurisdictions increases as the number of formula eligibles increases. The largest proportion of the money is directed to jurisdictions wtih the most formula-eligible children. The average amount received by various jurisdictions for each formula-eligible child changes in relation to the expenditures of the State in which the jurisdictions are located.

However, an unanticipated effect of the formula is apparent if the Title I grant per formula child is examined in relation to jurisdictions with different concentrations of those children. As Table 7 demonstrates, the county allocation per formula child decreases as the proportion of such children increases.

TABLE 7

ALLOCATIONS TO COUNTIES BY RATE* OF TITLE I ELIGIBILITY

Percent Eligible	Title I per Eligible	Number of Counties	Total Title I Allocations ($ in millions)	Percent of Total Allocations
Under 7.50	$215	188	$ 83.8	5.1
7.5 to 12.49	208	624	330.6	20.0
12.5 to 19.99	197	875	514.2	31.1
20.0 to 29.99	183	619	322.4	19.5
30.0 to 39.99	192	425	237.8	14.4
40.0 to 49.99	165	251	86.6	5.2
Over 50.00	164	159	78.1	4.7

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*U .S. eligibility rate for Title I = 16.5%.

Because Title I was enacted, in part, as a result of the recognition of the "impact that concentrations of low-income families have on the ability of local educational agencies to support adequate educational programs," it is surprising to find a pattern in which the greater the percentage of formula-eligible children in a county, the less aid is provided per formula-eligible child.

The location of counties with high proportions of formula children explains the pattern. As Table 8 indicates, almost all counties with eligibility rates of 30% or higher are located in the South. As a consequence of the low cost factor applied in most Southern States, the average allocation per eligible is reduced in counties with high concentrations of eligible children. Over 2.2 million eligible children, almost a quarter of the total, live in counties with eligibility rates of 30% or higher.

TABLE 8

NUMBER OF COUNTIES BY RATE OF TITLE I ELIGIBILITY, BY REGION

Eligibility Rate	Northeast	North Central	South	West
Under 7.50	22	103	20	43
7.5 to 12.49	108	338	55	123
12.5 to 19.99	73	387	244	171
20.0 to 29.99	11	152	394	62
30.0 to 39.99	3	53	347	22
40.0 to 49.99	0	16	221	14
Over 50.00	0	7	142	10
Total	217	1,056	1,423	445

SCHOOL-AGED POPULATION AND ALLOCATIONS

Due to their large numbers of formula-eligible children, central cities and nonmetropolitan areas receive large amounts of Title I funds. However, due to their relatively low expenditures on education, nonmetropolitan and southern areas receive less for each formula child than central city or suburban jurisdictions. If allocations are related to total school-aged population, the patterns observed under the per-formula analyses are changed quite dramatically. As Table 9 demonstrates, under the school-aged population standard, nonmetropolitan areas almost match central cities in per-child funding, and both receive twice as much as suburban areas.

TABLE 9

ALLOCATIONS BY PLACE TYPE

	$ Per School-Aged Child
Central city	$42.75
Suburban	19.92
Nonmetropolitan	40.21

In the same way, the regional tabulations presented in Table 10 show that the South is the major beneficiary of the allocation formula if dollars per school-aged child are used as the standard. Southern counties in every category except central cities (in which the Northeast receives more than the South) benefit more than any other area in relation to their school-aged population. Because the average level of spending in the South is low, Title I funds also generally have their greatest impact on total expenditures in Southern counties.

TABLE 10

DOLLARS PER SCHOOL-AGED CHILD BY REGION AND PLACE TYPE

	Northeast	North Central	South	West
Average	$31.81	$24.74	$40.68	$27.80
Central city	58.24	38.02	40.81	31.58
Suburban	17.77	14.22	26.42	22.80
Nonmetropolitan	29.18	27.46	54.14	34.53

This pattern is a direct result of the proportion of formula-eligible children in the various place types. In general, areas with high percentages of formula-eligible children will receive higher allocations per school-aged child than will those with lower proportions of formula eligibles. In fact, the correlation between the Title I allocation per child and the percentage of formula-eligible children is very high—0.93.

The South has the highest eligibility rate of any of the regions, and this fact explains why it fares so much better under the per school-aged child standard than under the per formula-child analysis.

COUNTY AND DISTRICT COMPARISONS

If the comparisons among various kinds of counties under the dollars per formula-child standard could be replicated at the district level, comparisons of the county and district results would provide reliable estimates of the degree to which the distributional patterns described above continued at the district level. Unfortunately, accurate counts of all five categories of formula children--census poor, AFDC, neglected, delinquent, and foster children--are not available at the district level, so direct comparisons of county and district allocations per formula child are not possible.

However, county and district comparisons are possible on the basis of dollar allocations per child considered poor under the Orshansky definition, as counted by the Bureau of the Census. These children now account for 90% of all the children counted in the formula. Counts of such children are available at the county level, as well as for over 12,000 school districts with enrollments greater than 300. Those districts account for all but $28 million of the Title I funds spent by LEAs in fiscal year 1976.

An analysis of district allocations per census child indicates that:

- Allocations per child rise steadily with the poverty rate.
- Allocations per census child are greatest in places with the lowest poverty rates.
- Over half the money goes to areas with poverty rates under 20%.

These findings parallel analyses conducted at the county level. The similarity of the results is striking, considering that 3,241 counties are being compared to 12,000 districts. Although districts are the unit of most interest, county analyses closely parallel results at the district level.

However, several differences in these data should be pointed out. Title I appears to be slightly more effective at channeling money to high-poverty areas by district (see Table 11). While 36.6% of the funds goes to counties with poverty rates under 12.5%, only 25.0% goes to districts with rates that low. In effect, much of the money given counties with poverty rates below 12.5% gets allocated to districts in which the poverty rates are higher.

TABLE 11

COMPARISON OF ALLOCATIONS TO DISTRICTS (1976)* AND COUNTIES (1977)** ACCORDING TO POVERTY RATE

	Districts 1976			Counties 1977		
Poverty Rates	Percent of Total	$ Per School-Aged Child	$ Per Poor Child	Percent of Total	$ Per School-Aged Child	$ Per Poor Child
Under 7.50	11.2	$11	$238	10.5	$15	$272
7.5 to 12.49	13.8	23	233	26.1	25	243
12.5 to 19.99	30.1	35	216	23.3	33	216
20.0 to 29.99	25.6	52	220	22.2	51	210
30.0 to 39.99	9.0	56	167	8.0	57	168
40.0 to 49.99	5.3	72	161	5.1	75	167
Over 50.00	5.0	92	156	4.7	94	165

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*Total funds = $1.54 billion.

**Total funds = $1.65 billion.

County Comparisons of Formula and Census Children

It is reassuring that allocation patterns are similar at the county and district levels when calculated on the basis of dollars per child counted as poor in the census. Nevertheless, these children are not the only group counted in the Title I formula. To determine if an analysis using allocations per census child reflects the pattern of actual allocations with reasonable accuracy, NIE compared county allocations on both the per-census child and per-formula child basis.

If fiscal year 1977 funds had been distributed solely on the basis of the 7 million census children, each county would have received $215 per census child within its boundaries. That figure is larger than the $193 calculated for all formula children, because there are fewer census children than formula children to be divided into the same Title I appropriation.

Tables 12 and 13 indicate that the overall distributional patterns under both standards are similar. Suburban areas receive more per child than rural areas under both standards, and central cities receive the most.

TABLE 12

ALLOCATIONS BY PLACE TYPE

	Per Formula Child	Per Census Child
Central city	$ 204	$ 240
Large	210	255
Other	188	208
Suburban	198	224
Urban	203	235
Rural	189	205
Nonmetropolitan	178	185
Urban	179	187
Rural	177	184

TABLE 13

ALLOCATIONS TO BENEFICIARIES ACCORDING TO REGION

	Per Formula Child	Per Census Child
Northeast		
Average	$234.29	$302.97
Central city	237.76	321.23
Suburban	233.67	294.57
Nonmetropolitan	220.57	253.41
North-Central		
Average	203.80	238.06
Central city	207.99	257.07
Suburban	208.29	250.85
Nonmetropolitan	195.96	210.53
South		
Average	169.25	172.67
Central city	173.91	179.01
Suburban	172.01	176.25
Nonmetropolitan	165.55	167.84
West		
Average	196.05	224.11
Central city	196.78	229.77
Suburban	198.30	231.92
Nonmetropolitan	191.62	206.32

In fact, while large central cities received 109% of the yardstick figure under the per formula-child measure, they receive 118% of the yardstick under the per census-child figure. Conversely, rural nonmetropolitan areas receive 92% of the yardstick number under the per formula-child standard but only 85% under the per census-child analysis.

The national differences are even more marked at the regional level. The north-central and western regions fare slightly better than the national average. The South, however, is considerably below the national average. Indeed, the average allocation per census child in the South is only 56% of the average in the Northeast.

The census standard makes the per child-allocation disparity appear more extreme due to the exclusion of the noncensus formula-eligible children, particularly those children counted under the AFDC provisions. The AFDC children account for 7% of those counted in the formula, and they are concentrated in a few urban States with relatively high AFDC benefits and high cost factors. Hence, counties in those States receive more money for their noncensus eligibles, making their per-child allocations appear larger when only census children are used as the standard.

States or counties with few AFDC-eligible children receive what they are entitled to largely on the basis of numbers of poor children alone. Such States also frequently have low cost factors. Because the number of census poor and the number of formula eligibles tend to be much closer, the dollars received per formula child and per census child are much closer.

At the county level, the actual allocations per census child, therefore, can be explained fully by the provisions of the Title I formula. The fact that the pattern of district allocations under the per census child standard closely resembles the pattern at the county level implies that district allocations, in general, also reflect the Title I formula provisions.

ALLOCATIONS RELATED TO CONCENTRATIONS OF MINORITIES

Census data were also used to examine the relationship between minority populations and Title I allocations.

The Title I allocation formula was designed to benefit minority communities only insofar as poverty is reflected in those communities. However, because the minority population is not evenly distributed among regions or counties, it is possible that areas with large percentages of minority children receive Title I assistance at a level above or below average.

One-fifth of the children 5 to 17 years old in 1970 were classified as black or Spanish-surnamed by the census. Census tabulations indicate that 42% of the black children and 28% of the Spanish-surnamed children were poor. By contrast, only 14.8% of the entire school-aged population was classified as poor.

In 1970, over one-quarter of all counties in the United States had black and/or Spanish-surnamed school-aged populations in excess of 20%. These counties had 40.6% of all children aged 5 to 17 and 56.6% of the eligibles. They received 55.5% of the Title I allocation. Thus, most counties with above average proportions of minority children were being aided almost exactly in proportion to their share of the school-aged population.

Table 14 provides a detailed breakdown of funding levels for counties with differing proportions of minority children. It confirms that counties with high percentages of black or Spanish-surnamed children receive larger allocations on the basis of dollars per school-aged child and shows that dollars per child tend to increase steadily with increases in the relative size of the minority population. When the yardsticks of dollars per poor child or per eligible are used, counties with very high proportions (60% and over) do worse than those whose minority populations numbered less than 20%, i.e., below the national average.

TABLE 14

ALLOCATIONS TO COUNTIES ACCORDING TO THEIR MINORITY CONCENTRATION

Black or -Surnamed	Number of Counties	Allocations ($ in millions)	Dollars per School-Aged Child	Dollars per Census Child	Dollars per Formula Child
er 10.0	1,951	$508.84	$23.44	$221.18	$198.62
to 19.9	294	227.42	24.95	222.36	196.25
to 29.9	229	209.05	30.64	199.81	184.82
to 39.9	197	276.97	37.59	220.63	192.65
to 49.9	170	148.76	50.33	193.09	180.93
to 59.9	139	109.19	68.78	217.18	193.30
plus	161	173.25	74.98	210.82	191.62

CHAPTER III. ELEMENTS OF THE TITLE I ALLOCATION FORMULA

Several elements in the Title I allocation formula significantly affect the dis- ibution of Title I funds among various kinds of school districts. The most significant ement, clearly, is the count of formula-eligible children, followed in importance by e cost factor (the provisions relating to state APPE).[1]

This chapter analyzes the relative contribution to the distribution of Title I funds the several populations counted in the Title I formula (census children; AFDC ildren; and foster, neglected, and delinquent children) and the state APPE require- ents. Because Congressional committees examined many possible variations in the rmula in 1974 before amending the Statute to include the provisions analyzed in this port, it is likely that the distributional effects of the formula were anticipated.

HILDREN COUNTED IN POVERTY

The children counted in poverty form the basic element of the Title I program, stinguishing it as a program aimed at districts and children with special needs as posed to a program designed to help all school districts in relation to their general hool-aged population.

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[1] he formula provisions governing allocations for state agency programs do not affect he relative size of the LEA allocation to different types of district, but rather the otal amount of money available for LEA grants. States vary dramatically in the mount of funding they receive for these programs, and in the difference these funds nake to the size of their total Title I allocation. Funds for state agency programs ange from 65.8% to 3.5% of total LEA grants. Appendix H provides figures by State.

Of the children counted in the Title I formula, 90% were 5 to 17 years old in 1970 and belonged to families below the official poverty standard in 1969. The official poverty standard is actually a set of 124 different income levels, distinguishing families according to number of family members; age and sex of head of family; number of children; and farm/nonfarm residence. The various income levels defining poverty are updated annually using the Consumer Price Index. However, because the formula as currently written requires counting all poor children in every county, census income data provide the only available figures. These data were last collected in 1969, and, moreover, are based only on a 20% sample of the population.

The Poverty Measure

The official poverty measure was developed by Mollie Orshansky, an economist from the Social Security Administration, from three basic factors:

(1) The estimated cost of a minimally adequate diet for individuals, male and female, of different ages

(2) The typical ratio of total family expenditures to food expenditures

(3) Certain modifications of (2) for small and large families

When Orshansky developed the original cutoffs, she converted food costs to total budgets by using data taken from a 1955 Consumer Expenditure Survey. This survey indicated that families typically spend about a third of their incomes on food. Orshansky accordingly reasoned that for the purpose of enumerating the poor, it was appropriate to determine the minimum amount needed to satisfy the food requirements for families of different sizes and characteristics and to multiply the results by three. Families whose cash income was at least three times the cost of the appropriate version of the Economy Plan were considered to have income adequate for basic needs and were counted as nonpoor. Families whose income fell short of three times the estimated food costs for their type were considered to be poor. The result of this process was an index of 124 poverty lines, each appropriate for a different kind of family depending on its size, urban or rural location, and other characteristics.

The Orshansky poverty lines are uniform nationally; no adjustment is made for ifference in the cost of living in different areas. Farm families are assumed to onsume food grown on the farm and, are therefore, assumed to need only 85% of the ash income of nonfarm families. There seems to be little dispute that wide variations xist in the cost of living from place to place, though it is often argued that the ffects of different living costs are not as great at a poverty level of income as at igher levels. However, most analysts argue that the data to make scientifically efensible adjustments for living costs in the poverty standard are not available.

If substantial differences exist between living costs in different areas, it is onceivable that the poverty index undercounts the low-income population in high-cost reas and, perhaps, overcounts the population in low-income areas. Unfortunately, here is no generally acceptable way of determining the extent of this problem.

In 1969, the poverty standards developed by Orshansky were adopted by the ffice of Management and Budget as the official measure to determine which ndividuals qualified for services under several Federal programs, including manpower raining designed to assist people in poverty. Congress, in 1974, decided that the tandards were also appropriate for counting students for the purpose of allocating itle I funds to school districts. Note, however, that the selection of students for itle I-funded services is a function of their educational and not their economic status.

Table 15 demonstrates the allocation effects of basing Title I funds distribution pon counts of low-income children. The left side of the table indicates, by place ype, how Title I funds would be allocated if they were distributed solely, as might be he case in a general aid program, on the basis of the school-aged population. The ight side indicates how the funds would be distributed solely on counts of low-income hildren.

The effects of allocating Title I funds on the basis of the low-income, school-ged population rather than the general school-aged population are clear. Almost half f the funds that would, hypothetically, have gone to suburban areas based on their chool-aged population are distributed to central cities and nonmetropolitan areas nder a poverty formula. In fact, the actual allocations do reduce the suburban share f the Title I appropriation, as Table 16 shows, although not as drastically.

TABLE 15

COMPARISON OF ALLOCATIONS BASED ON SCHOOL-AGED POPULATION AND ON LOW-INCOME COUNTS, BY PLACE TYPE

	School-Aged Population			Low-Income Counts		
	Population (millions)	Allocation ($ in millions)	Proportion of Total Allocations	Population (millions)	Allocation ($ in millions)	Proportion of Total Allocations
ral city	14.77	$ 471	28.5	2.63	$ 563	34.0
rge	9.62	307	18.6	1.81	387	23.4
her	5.15	164	9.9	0.82	176	10.6
ban	23.17	738	44.6	2.06	441	26.7
ban	17.11	545	32.9	1.31	280	17.0
ral	6.06	193	11.7	0.75	161	9.7
tropolitan	13.93	444	26.9	3.03	649	39.3
ban	5.03	160	9.7	0.88	188	11.4
ral	8.90	284	17.2	2.15	461	27.9
		$1,653			$1,653	

TABLE 16

PROPORTIONAL COMPARISON OF ACTUAL ALLOCATIONS WITH ALLOCATIONS BASED ON LOW-INCOME COUNTS AND ON SCHOOL-AGED POPULATION BY PLACE TYPE

	Percent Allocations from School-Aged Population	Percent Allocations from Low-Income Counts	Percent Actual Allocations
Central city	28.5	34.0	38.3
Large	18.6	23.4	27.9
Other	9.9	10.6	10.4
Suburban	44.6	26.7	27.9
Urban	32.9	17.0	18.7
Rural	11.7	9.7	9.2
Nonmetropolitan	26.9	39.3	33.8
Urban	9.7	11.4	9.8
Rural	17.2	27.9	24.0

However, more funds under the actual allocation formula go to central cities, less to nonmetropolitan areas, than would be the case if the funds were distributed y on the basis of counts of low-income children. The differences between the al allocation pattern and the pattern based solely on counts of low-income children due to the inclusion of other children in the formula and the existence of the cost or.

Table 17 compares current allocations by the nine census geographic divisions hypothetical allocations based on school-aged population and low-income popu- n. Clearly, New England receives more under the current system than it would r the low-income allocation system alone. The Middle Atlantic States fare better r the current formula than they would under either the low-income or population rnatives. The South does not get as much under the actual allocation formula as it d if funds were allocated solely on the basis of low-income children, but it ives substantially more than its school-aged population alone would warrant. The

West North-Central and Mountain regions receive slightly less under the current formula than they would under either of the alternatives.

TABLE 17

ALLOCATIONS BY CENSUS GEOGRAPHIC REGIONS

	School-Aged Population Allocation	Low-Income Population Allocation	Actual Allocation
Northeast	379.7	268.0	378.9
New England	93.7	55.9	67.2
Middle Atlantic	286.0	212.0	311.7
North-Central	473.5	330.5	367.4
East North-Central	338.0	219.8	262.4
West North-Central	135.5	110.7	105.0
Southeast	517.5	819.5	660.5
South Atlantic	247.1	344.7	295.6
East South-Central	107.5	212.0	162.9
West South-Central	162.9	262.8	202.0
West	282.8	235.5	246.7
Mountains	72.7	72.0	63.2
Pacific	210.1	163.5	183.5

OTHER COUNTS OF CHILDREN

In addition to the low-income children counted in the census, two other categories of children are counted in the formula: two-thirds of the children in families receiving high levels of payments under the AFDC program and all neglected, delinquent, and foster children.

AFDC Children

Children in families receiving high levels of assistance through Aid to Families with Dependent Children were defined in 1977 by dividing $5,040, the poverty line for a nonfarm family of four, by 12 to convert it to a monthly figure. The States provide HEW with the number of children aged 5 to 17 whose families received AFDC payments higher than this monthly standard. The number of these AFDC children is reduced by one-third in calculating a county's eligible total. This standard does not vary with family characteristics; it is uniform for all families. Some of the children included in the States' counts might, therefore, come from large families that already qualify for counting as poor in terms of the Orshansky definition.

Of the three categories of children counted for Title I funding, the group defined by levels of AFDC payments is the second largest, though its size is steadily declining. In fiscal year 1976, this category accounted for 736,000 children; in fiscal year 1977, it included 589,000 children; and in fiscal year 1978, only 467,000 children. These AFDC eligibles are unevenly distributed throughout the country. Approximately 75% reside in five States: New York, Michigan, California, Illinois, and Pennsylvania. In contrast, these States contain only about a quarter of the children counted for Title I in the first category, the poverty eligibles. The percentage of total eligibles represented by the AFDC eligibles is a measure of the importance of AFDC counts to a State's allocation. AFDC eligibles represented the following percentages of total eligibles in fiscal year 1977: New York, 23%; Michigan, 26%; Illinois, 18%; Pennsylvania, 12%; and California, 10%. AFDC counts are clearly more important in these States than in most others, and, in general, help direct additional funding to urbanized States and toward urban areas within States.

The AFDC measure currently in use was prescribed by the Education Amendments of 1974; this law modified the previous measure in several ways. The AFDC eligibles are fewer compared with their status before 1974, when all children in families receiving more than $2,000 in AFDC benefits were counted. At the time the law was amended, there were actually more children counted in the formula as a result of the AFDC provisions than were counted under the census low-income provisions, which the statute then defined as a family income of $2,000. The 1974 changes also replaced the $2,000 definition of poverty with the Orshansky definition. This increased the number of children counted as poor from census data and caused a further reduction in the influence of AFDC counts on the Title I allocation. AFDC children comprised only 6.9% of the children counted in the formula in 1977. The effect of these and other changes was to measure the nonurban share of Title I resources slightly.[2]

The effect of AFDC counts on the allocation of Title I funds is shown by contrasting the actual allocation in fiscal year 1977 to an NIE estimate of what the allocation would have been had AFDC counts not been included in the formula (see Appendix I). The inclusion of AFDC counts raised the share of the nation's largest cities in 1977 by about $36 million. Their allocations are 8.5% higher than they would have been had the formula excluded AFDC counts. This national effect is in reality the net of different effects in each of the regions. The large northeastern cities gained $29.4 million, or 20% over what their allocation otherwise would have been. Their counterparts in the north-central region gained $13.0 million, or 12%; the large western cities gained $1.9 million, or 3%. Large southern cities lost $8.1 million, or 7.1% of what their allocation would have been, due to the AFDC counts.

The AFDC counts benefit other parts of metropolitan areas; the magnitude of the benefit is smaller than for large cities but still considerable. Nonmetropolitan areas in the aggregate lose an amount almost exactly equal to the gain of the large cities, but this loss is unevenly distributed. Allocations to nonmetropolitan areas in the Northeast, the East North-Central division, and the Pacific division are affected very little by AFDC counts.

Simulations were also conducted on a state-by-state basis. The allocation effect, at the state level, was analyzed by comparing allocations actually received by each State with what each of the States would have received had AFDC children been omitted from the formula entirely. The results are displayed for each of the nine census divisions in Table 18. Appendices I and J demonstrate, respectively, the effects by state, of both omitting AFDC children from the formula and of counting all AFDC children in families above the poverty cutoff.

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[2] Districts were protected against dramatic changes in their allocations by the "hold harmless" provision in the law, which assures that each LEA will receive at least 85% of its prior year's grant. These provisions have declined steadily in importance. In fiscal year 1977 only 1.2% of all counties in the United States were held harmless.

TABLE 18

EFFECTS OF INCLUDING AFDC CHILDREN IN FORMULA, BY REGION
($ in millions)

	Current	Omitting AFDC	Difference
Northeast	378.87	337.80	41.07
New England	67.17	64.09	3.08
Middle Atlantic	311.70	273.71	37.99
North-Central	367.42	352.64	14.78
East North-Central	262.41	242.66	19.75
West North-Central	105.01	109.98	-4.97
South	660.53	717.35	-56.82
South Atlantic	295.67	320.34	-24.67
East South-Central	162.87	177.26	-14.39
West South-Central	201.99	219.75	-17.76
West	246.67	245.70	0.97
Mountain	63.19	67.86	-4.67
Pacific	183.48	177.84	5.64

The inclusion of some AFDC children in the Title I formula benefits regions, such as the Northeast, that include States paying relatively high AFDC benefits. At the same time, Southern States, which have traditionally paid low benefits, lose funds when AFDC eligibles are included in the formula. This occurs under the constrained level of Title I funding, because the payment of AFDC entitlements means that less money is available for payment of non-AFDC entitlements. In addition to the entire South, the West North-Central, West South-Central, and Mountain divisions lose funding as a result of including AFDC eligibles in the formula.

As the state-by-state breakdown demonstrates, New York, Michigan, and Illinois (receiving almost $30 million, $14 million, and $10 million, respectively) gain the most from inclusion of AFDC eligibles. No other State gains more than $5 million. By contrast, Texas and Florida, which lose over $9 million and $5 million, respectively, are the largest losers. A number of other States, mostly in the South, lose approximately $4 million each.

Clearly, the jurisdictions that benefit from the inclusion of AFDC counts in th Title I formula receive less than they would if the counts were not reduced by one-third. Under full weighting of AFDC the Northeast would gain an additional $18. million (a 4% increase); the North-Central region $6.5 million, or about 2% more; an the West $0.4 million, or less than 1% more. The South would receive $25.1 millio less than at present, a sum equivalent to about 4% of its current grant. Appendix lists detailed figures by division and State on the results of full AFDC weighting.

Neglected, Delinquent, and Foster Children

Simulations were conducted to assess the effects of including neglected, delinquent, and foster children in the formula. Although the results are not as significan in dollar terms, the direction of the changes is similar: the Northeast gains $6 millio as a result of the inclusion, while the South loses $10 million and the West South Central division loses over $4 million. The allocation effects on the other censu regions and divisions do not appear significant.

COST FACTOR

The state average per-pupil expenditure, or cost factor, provisions of the Title formula are clearly an important element in the formula. Within each State, the cos factor determines the authorized funding level for each formula child. The cost facto helps make allowance for different educational costs as indicated by averag expenditure levels.

The authorizing formula stipulates that each district shall receive, for eac formula child, 40% of the APPE in the State in which the district is located. If tha were the sole provision in the cost factor, the allocation effect, obviously, would be t reward States with high expenditures and to penalize low-spending States and, perhaps encourage them to increase spending on education.

However, the statute also places limits on the rewards and penalties of the cos factor provisions by stipulating that no State will receive less than 80% nor more tha 120% of the national average per-pupil expenditures. Hence, low-spending States ar brought up to a floor of 80% of the national average, and high-spending States are bound by the upper limits no matter what they spend.

Because appropriations fall short of the total authorization, the funding levels are ratably reduced. Nevertheless, allocations per eligible remain proportional to the cost factor, and in 1977 each county received approximately 16% of the APPE in its State. In that year, the 80% and 120% national boundaries meant that counties in the lowest spending States received $162 for each eligible child and, in the highest, $244 for each eligible. The cost factor is based on current expenditures per pupil in average daily attendance (ADA). The expenditures counted are state, local, and some Federal funds. These data are compiled by State Departments of Education and reported to National Center for Educational Statistics (NCES). The data currently in use refer to the 1974-75 school year.

NCES provides technical assistance to States in the preparation of their reports, and based on their experience, NCES personnel believe that the data used in funds allocation are reasonably reliable estimates.[3]

The cost factor affects LEA grants in two ways. First, it influences the size of the pool of funds available because the state agency grants for handicapped, migrant, and delinquent children are related to the same cost factor and are fully funded at 40% of the state cost factor. LEA grants are given from what remains after state agency and other grants are taken "off the top," so the size of the state agency allocation affects the size of the LEA grants.

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[3] The data, however, are far from perfect because States do not have uniform reporting or accounting systems. State contributions to educators' employee pension funds, for example, might be included in calculating average expenditures. In nine States, retirement programs accounted for more than 10% of current expenditures in 1974 (1974-75 expenditures were used in the 1977 allocation). On the other hand, retirement contributions accounted for less than 4% of state expenditures in several States. It is not clear that state contributions actually vary so markedly. It appears that some SEAs have accounting systems that enable them to identify such expenditures and others are unable to include such contributions because they are made by other state or local agencies.

Another difficulty encountered in the use of the cost factor relates to the definition of ADA. In accordance with the statute, OE asks States to report ADA "as defined by state law." Because States define the term differently--some, for example, count absent children with excuses--States with similar enrollments and expenditures might have different per-pupil expenditure figures.

After the size of the LEA pool is determined, the cost factor influences how LEA funds are distributed among the various States. If Title I used a cost factor that was constant for all States (for example, at 40% of the Nation's per-pupil expenditure), this would produce different county authorizations from those presently used and, after reduction, different county allocations. In comparison to a constant cost factor formula, the current variable cost factor formula produces higher authorizations for high-expenditure States, and lower authorizations for low-expenditure States. If a constant cost factor formula is the benchmark, the use of state per-pupil expenditures shifts funds from low-expenditure States to high-expenditure States, although the extent of the shift is limited by the 80% to 120% limits.

The effects of the use of a cost factor related to state expenditures, as compared to a nationally uniform cost factor, are displayed in Table 19. If a uniform cost factor were employed, the South would receive 14% more than it currently does, and every other region would lose funds. State-by-state comparisons of the effects of a uniform cost factor are displayed in Appendix K.

TABLE 19

COMPARISON OF UNIFORM COST FACTOR WITH
CURRENT COST FACTOR
($ in millions)

	Uniform Cost Factor	Current Cost Factor	Difference
Northeast	311.60	378.87	67.27
North-Central	347.41	367.42	20.01
South	752.02	660.53	-91.49
West	242.45	246.67	4.22

The above data compare the effects of a state-related cost factor to a nationally uniform cost factor. By contrast, a second analysis compares the current cost factor, including its limits of 80% and 120% of the national APPE, with a state-related cost factor unconstrained by limits. This analysis, displayed by region in Table 20, leads to quite a different conclusion.

TABLE 20

COMPARISON OF UNLIMITED COST FACTOR WITH CURRENT COST FACTOR ($ in millions)

	Unlimited Cost Factor	Current Cost Factor	Difference
Northeast	452.70	378.87	-73.83
North-Central	360.39	367.42	7.03
South	597.26	660.53	63.27
West	243.13	246.67	3.54

As the table demonstrates, the current limits on the cost factor reduce the amount the Northeast would get by 16%. The South benefits most from the use of the limits. The reason is fairly obvious: States in the South, such as Mississippi, in which expenditures are 58% of the national average, are raised to the floor of 80%. Table 21 separates States according to their cost factor as a percentage of the national cost factor. State-by-state comparisons of the current cost factor with an unlimited cost factor are listed in Appendix L.

Effects of Cost Factor on Place Types

Table 22 illustrates that the cost factor significantly affects the amount of Title I funding going to various types of places.

TABLE 21

STATE APPE AS PERCENTAGE OF NATIONAL APPE, 1974-75*

Less Than 80%	
Alabama	66
Arkansas	62
Georgia	74
Idaho	74
Kentucky	63
Mississippi	58
North Carolina	78
North Dakota	79
Oklahoma	74
South Carolina	73
South Dakota	77
Tennessee	72
Texas	76
Utah	76
West Virginia	75

81%-90%	
Arizona	90
Indiana	84
Louisiana	81
Maine	81
Missouri	84
Nevada	89
New Hampshire	85
New Mexico	81
Ohio	86
Virginia	88

91%-100%	
California	98
Colorado	96
Florida	96
Iowa	93
Kansas	94
Montana	100
Nebraska	93
Vermont	98

101%-110%	
Hawaii	102
Massachusetts	110
Oregon	110
Washington	102
Wisconsin	105
Wyoming	104

111%-120%	
Connecticut	116
Delaware	113
Illinois	115
Maryland	116
Michigan	113
Minnesota	115
Pennsylvania	112
Rhode Island	115

Over 120%	
Alaska	178
New Jersey	133
New York	171
District of Columbia	128

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*National APPE was $1,294. Appendix E displays each State's APPE and the amoun per Title I eligible received in 1977.

TABLE 22

EFFECTS OF VARIOUS COST FACTORS
BY PLACE TYPE
($ in millions)

	Current Cost Factor	Uniform Cost Factor	Unlimited Cost Factor
tral city	$633.3	$599.1	$668.8
Large	460.6	422.6	501.5
Other	172.7	176.5	167.3
er metropolitan	461.8	449.8	461.4
Urban	308.7	293.2	312.8
Rural	153.1	156.6	148.6
metropolitan	558.4	604.6	523.3
Urban	161.3	173.8	152.3
Rural	397.1	430.8	371.0

For example, large central cities on average receive nearly 10% more under the rent formula than they would if a uniform cost factor were applied nationwide. If, the other hand, the limits were removed for the cost factor, large central cities on rage would receive almost 10% more than they currently do.

By contrast, nonmetropolitan areas would generally lose about 10% if a uniform t factor were substituted in the formula, and they gain substantially from the limits the current formula.

CHAPTER IV. SUBCOUNTY ALLOCATION

The Federal formula analyzed in the preceding chapters does not completely control the allocation of funds to school districts. If census and AFDC data are not readily available for school districts, States are authorized to apportion the Title I county allocations to the school districts within or crossing county boundaries. In making subcounty allocations, States possess broad discretion over the data they use; however, the data must further the purposes of the ESEA in directing funds to low-income areas.

The flexibility permitted States in selecting data sources for subcounty allocation provides an opportunity to use data more current than the census counts, which largely control the allocation of funds to the county level. In the past, House and Senate Committees have stressed the need for the use of current data in the subcounty allocation process so funds will be directed to areas with the lowest incomes within counties.

At the same time, the committees have always been interested in ensuring that similar districts are treated consistently, both within States and between States. In fact, the language of several committee reports implies that the data used to allocate funds to counties should also be used by OE or the States to allocate funds to districts.

As discussed in Chapter III, Title I funds appear to reach school districts in proportions that generally correspond to their numbers of formula-eligible children. Thus, for the country as a whole, the subcounty allocation process does not introduce large biases in the distribution of funds. Still, the flexibility afforded States in the subcounty allocation process might lead to very different results for individual districts. To investigate whether different state procedures or definitions of formula-eligible children systematically assist some districts at the expense of others, NIE funded a study of subcounty allocation designed to:

- Describe the current subcounty allocation procedures used by the States
- Identify the kinds of districts affected by different subcounty allocation procedures
- Examine alternative procedures for allocating Title I funds to school districts[1]

CURRENT SUBCOUNTY ALLOCATION PROCEDURES

County and school district boundaries coincide completely with each other in nly four States: Florida, Maryand, Nevada, and West Virginia. Therefore, in these tates and the District of Columbia subcounty allocation is not required.

In the remaining 46 States, the complexity of the subcounty allocation process aries. In Louisiana, subcounty allocation involves only two parishes (or counties) and our school districts. On the other hand, in Illinois, California, New York, and Texas, ach SEA must arrange to allocate grants to 700 or more school districts within everal hundred counties. Illinois alone has 1,040 school districts, only 10 of which are oterminous with county boundaries. Fully one-third of Illinois' school districts cross ounty boundaries; in each case, the SEA is required to allocate portions of two or nore county grants to the same district. Nationally, 73% of Title I grants to LEAs are ubject to state-defined subcounty allocation procedures.

Of the 46 States that must perform subcounty allocation, 24 chose to replicate he Federal formula in their subcounty allocation procedures.

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[1] More detailed reports on this study, prepared by the contractor, Applied Urbanetics, Inc., Washington, D.C., are available from NIE or Applied Urbanetics.

The principal interest in this study focused on the remaining 22 States that in 1976-77 used formulas or definitions of eligibility in subcounty allocation that differed from those used in the Federal formula. Ten of these States use formulas that emphasize 1970 census data and thus, are similar to the statutory formula. They are:

- Indiana and Virginia, which use 1970 census data alone
- Washington, which uses 1970 census data combined with annual state updates to reflect shifts in population
- Colorado, which combines 1970 census data with the total number of AFDC children
- Vermont and Connecticut, which use 1970 census counts combined with the total number of AFDC children above poverty
- Georgia, which uses 1970 census data plus one-third of total AFDC children
- Hawaii, which uses 1970 census data plus two-thirds of total AFDC children[2]
- Nebraska and Utah, which use 1970 census data plus total AFDC children

Five States--California, Massachusetts, Missouri, Montana, and Wyoming--ignore census data entirely and allocate county grants to districts solely on the basis of AFDC counts.

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[2] The entire State of Hawaii is technically one school district. However, Hawaii allocates its funds among several administrative units, which correspond to its four counties and to four areas of Honolulu.

Seven States use procedures or formulas that cannot readily be compared with the statutory formula. Alabama, North Carolina, and Louisiana do not use a statewide formula. Instead, within each county, school superintendents agree on the data source used to allocate funds within that county; data sources include free lunch counts, local school surveys, 1970 census data, 1960 census data, and AFDC counts. Superintendents in Alabama can use ADA, census data, and free lunch counts. Similarly, in North Carolina, superintendents apparently use census data, free lunch counts, and local knowledge of poverty concentrations. In Louisiana, a fixed-percentage allocation, which is still in use, was determined in the late 1960's, most probably on the basis of 1960 census data.

Arkansas utilizes current counts of AFDC children plus free lunch data; Delaware uses 1971 counts of AFDC children in families receiving more than $2,000 per year; and Arizona uses 1970 census data but counts only children at or below the poverty level of $3,000. Iowa uses counts prepared from state income tax returns coded by school district, and combines them with counts of AFDC children.

Iowa, like three of the States that replicate the Federal formula--Minnesota, North Dakota, and Oregon--reports that it ignores county boundaries entirely in making district allocations. For this procedure, frequently termed "substate" allocation, the State pools all county grants and allocates funds to each district based on its share of the State's eligible children. This practice violates the basic Title I statute and the regulations, but it could produce results wholly consistent with the intent of both if the data used closely reflect the incidence of formula-eligible children.

In summary, 24 States attempt to replicate the Federal formula in subcounty allocation; 10 States employ formulas similar to the Federal formula; 5 assign county grants among school districts solely on the basis of the districts' AFDC population; and 7 use poverty formulas unrelated to the Federal formula or procedures that differ among counties.

EFFECTS OF DIFFERENT SUBCOUNTY ALLOCATION PROCEDURES

To analyze the distributional consequences of different state procedures for subcounty allocation, actual district allocations as determined by current subcounty allocation procedures were compared with estimated allocations using a "standard" national formula. The standard formula chosen was based on counts of Orshansky poor children tabulated by the Bureau of the Census.

For subcounty allocation, use of this Orshansky standard is virtually equivalent to using the Federal statutory formula, if county statutory eligibles are distributed within counties in the same manner as Orshansky poor children, or if there are few noncensus eligibles in the county.

The analysis focused on the fiscal year 1976 allocations in 24 States. The States included 12 that used the statutory formula, 5 that relied heavily on census data, 4 that emphasized AFDC counts, and 3 that used other formulas. Within these States, the analyses were confined to districts that did not cross county boundaries and to unified and elementary school districts with enrollments greater than 300. The effects of different subcounty allocation procedures on urban areas and on areas with large concentrations of low-income children were of particular interest.

To describe the redistribution of funds that would occur as a result of a shift from current subcounty allocation procedures to the Orshansky standard, the dollar shifts among districts were summed to the state level and compared with the total of the State's Title I funds. Based on this analysis it appears that:

- In States that employ the statutory formula or a similar formula, generally less than 6% of the State's Title I funds are estimated to shift if the standard formula is compared with the State's subcounty allocation formula.
- The largest estimated shifts, between 10% and 16%, occur in States that use only AFDC or AFDC plus income tax data as subcounty formula components.

- States using markedly different definitions of poverty (e.g., income below $3,000) also shift considerable amounts of money.

More specifically, in the five States using only AFDC to perform subcounty allocation, the following estimated shifts occur: California, Missouri and Montana--11%; Massachusetts--8%; Wyoming--3%.

These shifts might result not because the State's reliance on AFDC data alters the allocation of funds within counties, but merely because the standard formula is not precisely like the statutory formula. However, three of the States--Missouri, Montana, and Wyoming--have so few noncensus eligibles that the standard formula is essentially the equivalent of the statutory formula.

In California and Massachusetts, on the other hand, the Orshansky poor children account for only 85% of the Title I-eligible population. In these two States, further analyses were performed to estimate the number of formula eligible AFDC children in each district. The findings in these analyses closely parallel the findings presented above.

Several States that do not rely solely on AFDC counts in subcounty allocation also experienced substantial shifts if the Orshansky standard is compared with their current procedures. In Iowa, which uses AFDC plus income tax, and Delaware, which uses the number of AFDC children in families with incomes greater than $2,000, the estimated shift is 16%. In Arkansas, which uses AFDC plus free lunch data, the shift is 8%.

Two States that use census data also have notable percentage shifts: Nebraska--12%, and Arizona--15%. Nebraska uses census plus AFDC for districts with enrollments over 300. However, because 90% of the districts have enrollments under 300 and, therefore, lack census data, Nebraska apportions county census counts by average daily attendance. Although Arizona uses only census data, the eligible poverty level is income under $3,000 rather than the Orshansky level.

District Changes

In addition to the magnitude of the shifts that would occur by State, the kinds of districts that would gain or lose funds in five specific States were examined. The results are shown in Table 23.

TABLE 23

CHANGE BY STATE FOR SELECTED TYPES OF DISTRICTS IF CENSUS-BASED SUBCOUNTY FORMULA SUBSTITUTED FOR CURRENT FORMULA*

	California (AFDC)	Massachusetts (AFDC)	Missouri (AFDC)	Delaware (AFDC $2,000)	Iow (AFD Inco Tax
Metropolitan central city	-	-	-	-	-
Nonmetropolitan, urban	-	-	-	-	-
Other metropolitan, suburban	+	0	+	+	+
Nonmetropolitan, rural	0	0	+	-	0
More than 20% poverty population	+	+	+	-	-
More than 30% minority population	-	-	-	N.A.	N.

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*Key: + A majority of these districts gain 5% or more.
- A majority of these districts lose 5% or more.
0 A majority of these districts are relatively unaffected.

The data in the table support the commonly held belief that central city and urban districts are helped by subcounty formulas emphasizing total AFDC, while rural and suburban districts are favored by formulas emphasizing counts of census eligibles. In Massachusetts, California, and Missouri, the districts that would be aided by a shift to a census-based formula include the districts with the highest poverty concentration (as measured by census data). Districts with high concentrations of minorities in Missouri, California, and Massachusetts would lose funds if the current AFDC formula were dropped in favor of the census-based formula.

In brief, in States that emphasize AFDC data, a shift to a census-based formula would move money out of central-city, high-minority districts and into other types of districts. As much as 11% of Title I funds would be reallocated within counties in States relying solely on AFDC, and as much as 16% in States using AFDC plus other noncensus data such as income tax.

ALTERNATIVE SUBCOUNTY ALLOCATION POSSIBILITIES

Congress has voiced two major concerns about subcounty allocation. The first relates to a desire for consistent data and procedures, so districts will be treated the same wherever they are. The second concern is for current data that accurately reflect where the poor are located.

In theory, the flexibility allowed the States in choosing subcounty allocation criteria permits them to make use of more current data. In practice, 37 States use data no more current than that used by OE for county allocations.

Virtually any system that imposed greater consistency in the treatment of districts would require elimination of state discretion in selecting data and would change administrative responsibilities at the Federal and state levels.

NIE examined the feasibility of implementing four alternatives to the current subcounty allocation system. The first three would require imposition of a Federal formula; the last would permit States to allocate using their own formula. The four alternatives are:

- Subcounty allocation--OE would continue to calculate county grants, and States would continue to divide those grants; however, a uniform national formula would be used.

- Substate allocation--OE would calculate state grants, and States would use a uniform national formula for allocation to school districts.

- Direct (national) allocation--OE would calculate district grants using census data plus data submitted by the States; a uniform national formula would be used.

- Multiple formula substate allocation--OE would calculate state grants, and the States would select a formula for allocation to school districts.

The following discussion focuses on the data and administrative changes require to implement any of the four alternatives. The analyses presented earlier in thi chapter are used to examine the consequences of implementing each.

Data Requirements for Alternative Procedures

Of the four alternative allocation procedures, the three requiring a singl national formula would require additional data to be collected. The multiple formul substate allocation procedure requires only data that States currently collect.

Census Data.--Census data generally pose a problem (regardless of distric allocation procedure) in States where there are a large number of districts whos boundaries do not coincide with the boundaries of enumeration areas in any publishe census tabulations. Specifically, the OE special census tabulation by school distric does not generally include data for districts wtih enrollments under 300. However, a examination of all published census tabulations showed that appropriate data ar available for districts serving more than 98% of the Nation's enrolled students.

The most serious problem in attempting to use census tabulations to allocate funds to districts is that school district boundaries frequently split census enumeration areas. This problem affects 20% of the total enrolled population.

In a shift to using one of the single formula alternative procedures, the availability of census data would pose no problem in 35 States currently employing census-based formula components in subcounty allocation. These States have overcome the problems of census data availability by various estimation techniques. In the 11 States not employing census-based components, appropriate census data would need to be tabulated. For these 11 it was found that:

- In Massachusetts, Alabama, Louisiana, and North Carolina, reliable school district census data are available for at least 80% of all school districts from various census tabulations.

- In Arkansas, California, Delaware, Iowa, Missouri, Montana, and Wyoming, large proportions (as much as 40%) of districts have enrollments below 300 and boundaries that do not coincide with any census enumeration areas.

In a shift to using one of the single formula allocation alternatives, all of these States would need to tabulate census data for many of the school districts within the State.

Other Data.--AFDC data availability does not present any significant difficulties for any of the formula alternatives. Most States that would require AFDC data for the statutory formula already collect it. Only Indiana and Washington would have to institute new data-gathering procedures. Data on neglected and delinquent children are readily available for school districts because all institutions must submit an OE form that identifies the school district. Foster children data, however, appear to be universally difficult to collect, as well as unreliable. Only 20 States use foster children data in their formulas, and half of these estimate counts on the basis of census data.

Administrative Requirements

The management activities required to implement each of the four alternati procedures would vary. The most complicated procedure, in terms of Federal admini tration, would be the implementation of the direct allocation by OE.

Administrative processing by OE would increase substantially because there a five times as many school districts as counties, and the boundaries of those distric frequently change. Delays in allocations would be made more likely if a large numb of local agencies did not complete their data collection on time. Also, OE would ha to depend on States to gather the school district-level data for formula elements.

Under the substate allocation system using a single formula, OE would ha fewer administrative problems because county counts of AFDC, neglected a delinquent, and foster children would not have to be obtained. The effort for th States would also be smaller because they would no longer have to collect coun component data for districts that cross county boundaries. However, States that not currently use census data or AFDC above-poverty data would initially have ext data collection activities, because they would need to tabulate and validate distric level data.

OE's responsibility would not change if a single formula were mandated f subcounty allocation. Most States' procedures would also remain unchanged, althou States not now using the statutory data would have to collect it. As noted earlier, additional States would need to estimate census data for many of their distric because their boundaries do not correspond with any census enumeration areas.

The fourth alternative, substate allocation using current subcounty allocati formulas, would reduce data gathering and grant calculation efforts both at OE and the States. OE would no longer need to gather individual county counts of children AFDC families, in foster homes, and neglected and delinquent institutions (althou state welfare departments would still need county data to calculate state totals State education agencies would no longer need county component data for distric that cross county boundaries. Otherwise, the state data-gathering efforts would be th same as they are at present. OE grant calculations would be limited to approximately 50 States, while state education agencies would calculate the same number of school district grants as they calculate under the present system. However, their calculations would be simplified because whole school districts would be used in place of county components of school districts.

Effects of Alternatives

The analyses of the effects of the current subcounty allocation procedures provide a reasonable indication of what would happen if the formula alternatives were to be implemented.

Single Formula Subcounty Allocation.--For States currently using subcounty allocation formulas similar or identical to the statutory formula, the single formula alternatives would have negligible impact. They would, however, significantly affect the distribution of funds in States using formulas different from the Federal formula. The analysis of the differences between the effects of the current subcounty allocation procedures and the effects of the standard procedure indicated the kinds of districts that would gain or lose if the Federal formula were imposed for subcounty allocation purposes.

In brief, the impact of any of the single formula alternatives on the distribution of funds would be negligible in more than three-fourths of the States. However, in the several States currently using formulas emphasizing AFDC, as much as 16% of the States' Title I funds would shift. In general, this shift would be out of urban and high-minority districts and into other types of districts.

Statutory Formula Substate Allocation.--If the statutory formula were used for substate allocation, districts in States using the statutory formula or a formula closely resembling it would receive nearly the same allocations as they currently receive. The impact of shifting from the two-tiered subcounty system to the substate system was examined in a sample of 17 States. Twelve States in the sample currently use the statutory formula and five use a formula relying heavily on census data. No funding shifts greater than 0.5% were observed.

Multiple Formula Substate Allocation.--Similar analyses were conducted for three States that use AFDC counts for subcounty allocation and for four States that use other formulas. States using AFDC counts for subcounty allocation would generally experience significant funding shifts if AFDC were retained as the criterion in the substate allocation process. In California and Missouri, 8% and 17%, respectively, of the state allocation would shift. However, despite Massachusetts' dependence on AFDC data, it would experience a shift of less than 3% in substate allocations. Large central cities would gain considerably under substate allocation procedures emphasizing AFDC counts.

Only small funding shifts were observed in the four States that used formulas that did not rely on AFDC.

Currency and Consistency

Few of the subcounty formulas now used by States are both consistent and current. Those relying almost solely on census now use data collected 8 years ago. However, none of the alternatives discussed above completely meets the expressed desire of Congress that district allocation procedures be both consistent among States and use current data so poor children are properly located. In fact, requiring States that currently emphasize annual AFDC counts in their subcounty procedures to use a single formula emphasizing census data would force them to use older data. It would, however, increase the consistency with which districts in different States are treated.

CHAPTER V. ALLOCATION OF TITLE I FUNDS WITHIN SCHOOL DISTRICTS

The determination of the amount of Title I money to which a school district is ntitled does not complete the allocation process. Having received a Title I grant, an EA must determine the schools in which Title I-funded services will be provided and he level of Title I resources that will be allocated to each school. Although the Title I egulations are fairly explicit in defining the fiscal constraints under which Title I unds may be used in Title I schools, they permit LEAs considerable flexibility in etermining which schools will provide Title I services and how much money will be llocated to each one. In fact, the regulations provide little guidance to LEAs about ome of the most important decisions they are required to make during this process.[1]

This chapter focuses on the processes by which districts determine which schools vill receive Title I funds, and how funds will be divided among recipient schools.

ETERMINING WHICH SCHOOLS WILL RECEIVE FUNDS

Determination of which schools will receive Title I services is a two-stage process. It involves:

- Identifying schools eligible for Title I, based on the poverty of the children living in the school's attendance area
- Selecting target schools to receive Title I services from among those determined to be eligible[2]

A more complete discussion of regulations governing the expenditure of Title I funds within Title I schools can be found in Administration of Compensatory Education, Washington, D.C.: National Institute of Education, September 1977, Chapter II.

A complete description of the survey is included in Compensatory Education Services, Washington, D.C.: National Institute of Education, July 1977.

Determining School Eligibility

The basic requirement governing identification of eligible schools is that the selected school attendance areas must have high concentrations of children from low-income families. (The term "attendance areas" is used in the statute because all needy children living in a targeted attendance area are potentially eligible for services regardless of which school, public or private, they attend.)

An LEA can use one of several alternative measures of poverty to count the numbers of children aged 5 to 17 from poor families living in the LEA and in each attendance area. After counts of low-income children are established, each attendance area with a percentage of poor children at least as high as the average for the district can be regarded as eligible. Alternatively, the LEA can choose to rank attendance areas on the number rather than the percentage of poor children, deeming eligible those areas that have a number of poor children at least as high as the average attendance area in the LEA. The two methods can be used simultaneously. An LEA can declare schools eligible that have either large numbers or high concentrations of poor children, as long as the total number of attendance areas selected by the combined method does not exceed the number that could have been chosen by either method alone.

Whether the percentage or the number method is used to determine eligibility is only one of the factors that determine which of an LEA's attendance areas is eligible for Title I. Several additional procedures are also important.

The 3-Year Hold-Over Option.--This procedure, introduced by the Education Amendments of 1974, provided that a school attendance area that fails to meet the eligibility criteria, but that met such criteria and received Title I services in either of the 2 preceding fiscal years, shall be deemed eligible. The Congressional intent was to give continuity to Title I programs through substained eligibility.

Eligibility by Actual Attendance.--The Education Amendments of 1974 provided that an LEA could, at its discretion, deem eligible for Title I payments any school in which "the proportion of children in actual average daily attendance from low-income families is substantially the same as the proportion of such children in (an eligible attendance area) of the agency." Thus, an attendance area in which large numbers of nonpoverty children live can be eligible if children from poor families constitute a high percentage of the children actually enrolled in school.

The "No-Wide-Variance" Option.--Another option sometimes available to LEAs is the "no-wide-variance" rule, which provides that the entire school district can be regarded as an area having a high concentration of low-income children if there are no wide variations in the concentrations of such children among the several school attendance areas in the school district.

Thirty Percent Rule.--A final option is that an area with 30% or more of the children from low-income families can be designated as a project area. This rule reflects Congressional concern that inflexible targeting regulations could force some LEAs with very high incidences of poverty to declare schools with 30% low-income enrollment ineligible, while schools with only 10% low-income enrollment might be eligible in wealthier neighboring districts.

Poverty Measure Selection

Each of the foregoing regulations provides some latitude to districts attempting to determine which schools are eligible for Title I services. Even greater latitude, however, is permitted in the selection of measures of poverty to be used in determining school eligibility. A partial list of poverty measures that LEAs can employ is found in the U.S. Office of Education publication "Title I ESEA: Selecting Target Areas," and includes:

- Number of children whose families receive AFDC
- Number of children from families below poverty level according to the U.S. census
- Number of children eligible for daily free and reduced price lunch at school
- School surveys

- Health statistics
- Housing statistics
- Employment statistics

LEAs can use one or more measures, or any combination, but they must apply them consistently across schools.

Selecting Target Schools

Having developed its list of eligible attendance areas, the LEA must choose which schools it will "target"--that is, fund. The law and regulations impose two constraints on LEAs in choosing eligible schools.

One is the so-called "no-skip" provision, which, in general, prevents LEAs from delivering Title I services in a school attendance area unless all attendance areas with a higher percentage or number of children from low-income families are also served. Two important exceptions are recognized: an attendance area may be "skipped," if (1) the LEA can demonstrate that educational need is greater in other eligible areas that are ranked lower on the poverty criterion, and (2) similar services are funded in the attendance area by other Federal programs such as the Emergency School Aid Act, or by state and local funds.

The second constraint is the requirement that every Title I program be ". . .of sufficient size, scope and quality to give reasonable promise of substantial progress toward meeting (the needs of educationally deprived children)."

Resource Allocation to Targeted Schools

Having determined eligible schools and targeted specific schools from among those found to be eligible, each LEA must decide:

- Which categories of children to serve (i.e., which grade levels and what kinds of educational problems to address)

- How many children in each category to serve

- The amount of Title I funds that should be allocated for services to each child

The regulations provide little guidance about which educational problems at which grade levels should be addressed with Title I funds.[3] With respect to the second decision, the regulations require only that students "most in need of special assistance" shall be served. In making this decision, each LEA can choose its own criteria for identifying children in greatest need for compensatory education.

Finally, the regulations provide no guidance on allocation of funds among target schools. Districts can choose such diverse bases for allocation as the numbers of poor children, the numbers of low-achieving children, or, simply, the numbers of children they wish to serve. There is no requirement that funding be equal for each participating student. The regulations require only that programs concentrate on a "sufficiently limited number of services" for a "sufficiently limited number. . .of children."

The remainder of this chapter describes current district practices in determining Title I school eligibility, identifying target schools, and allocating resources among target schools. It relies on data collected by the NIE National Survey of Compensatory Education.[4]

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[3] Although Title I funds legally can be used at all levels of schooling, including pre-kindergarten, grades K through 6 are served more heavily than all others. A report prepared for NIE by the Stanford Research Institute advances some possible explanations for the Title I focus on elementary schools, and it presents a number of strategies for increasing compensatory education at the secondary level. See Meredith A. Jarson, et al. Better Basic Skills for Youth: Four Proposals for Federal Policy. Menlo Park, California: Stanford Research Institute, April 1977.

[4] The design of the national survey is described in Compensatory Education Services, Washington, D.C.: National Institute of Education, July 1977.

SCHOOL ELIGIBILITY

According to the survey results, school districts employ various poverty measures to determine which schools are eligible for Title I funds. Table 24 indicates the kinds of poverty measures currently used by school districts t[illegible]he number of poor children in school attendance areas.

TABLE 24

POVERTY DATA USED TO DETERMINE SCHOOL ELIGIBILITY

	Percent of Districts Using
1970 census data on family income	67
Free lunch and/or free breakfast counts (USDA)	66
AFDC children	51
Other economic data (e.g., public housing statistics, unemployment records, and district surveys of economic need)	34

The three sources of poverty information most commonly used to identify Title I-eligible schools are 1970 census data, current AFDC counts, and counts of free lunch recipients. At least seven other indicators are used occasionally. The fact that the entries in the table add up to far more than 100% indicates that many districts employ more than one source of data to determine school eligibility.

The regulations were written to allow districts to choose among several types of data because it was believed that no single data source was generally available; the survey results confirm that belief. In some areas, county welfare offices are apparently unwilling to help district administrators determine the number of children in AFDC families on a school-by-school basis. Therefore, AFDC data cannot always be used. Generally, 1970 census data is available only for large districts; even those districts have turned to other data sources as the census has become outdated. The number of free lunch recipients is the most readily available source of poverty data for most school districts.

Detailed analysis of the data also indicates that large urban districts are more likely than others to use AFDC counts or their own poverty surveys than census data in determining school eligibility.

The survey was used to examine the possibility that schools eligible according to one source of data might not be eligible if other data were used. The survey collected information on the number of poor children in all schools in the sample districts in 1975-1976 according to three measures: 1970 census, enrolled AFDC children, and free lunch recipients.

Table 25 illustrates the degree to which the numbers of children identified as poor by any one measure is correlated with the numbers identified by each other measure.

TABLE 25

ALTERNATIVE POVERTY MEASURES FOR TITLE I SCHOOL ELIGIBILITY

	r
1970 census and AFDC	.58
1970 census and free lunch	.51
AFDC and free lunch	.81

In general, schools with high numbers of AFDC children are also likely to have high numbers of free lunch recipients. Other pairs of indicators (census and AFDC; census and free lunch) are less closely related. Thus, districts' choices of poverty indicators could have important effects on which schools they identify as eligible for Title I services. If districts changed their source of data for determining school eligibility, schools deemed eligible under the old criterion could be ineligible under the new, and formerly ineligible schools might become eligible.

NIE's survey data indicated that a very high proportion (68%) of the schools in Title I districts are classified as eligible. That rate of eligibility is far higher than could be supported by any one eligibility criterion, as Table 26 demonstrates. Districts appear to be using two or more criteria, and calling schools eligible if they fit any one.

TABLE 26

PERCENT OF ALL SCHOOLS ELIGIBLE UNDER ALTERNATIVE POVERTY MEASURES*

	Percent
1970 census data	45.6
AFDC counts	44.5
Free lunch counts	47.6

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*Any school with numbers of poor children above the district average was deemed eligible.

Table 27 shows the proportion of schools ineligible under one criterion but eligible under each of the others. If read with Table 26, it provides a likely explanation of the high eligibility rate observed by NIE's survey. Because only about 45% of the schools are eligible under any one criterion, more schools can be made eligible only by adding criteria. Table 27 shows that a district can increase its eligible school population quite dramatically by including schools eligible under one, but not another, criterion.

TABLE 27

PERCENT OF SCHOOLS INELIGIBLE UNDER ONE CRITERION BUT ELIGIBLE UNDER EACH OF THE OTHERS

	Eligible Under:		
Ineligible Under:	Census	AFDC	Free Lunch
Census	0	13.9%	14.7%
AFDC	6.7%	0	11.2%
Free lunch	10.3%	14.0%	0

Thus, it appears that districts use various combinations of criteria to select eligible schools; some districts might use different criteria for different schools and include as eligible all schools eligible under each criterion.

Districts also vary considerably in what is required to determine a "concentration" of poor children. One district in NIE's survey had so few poor children that an attendance area was counted eligible when only 2% of its children were low-income. In another, 77% of the children had to be poor for the school to be eligible.

Part of the discrepancy between the district reports of eligible schools and NIE's estimates might be explained by the exceptions permitted LEAs in determining eligibility. In particular, the 30% and "3-year hold harmless" exceptions discussed above can increase the number of schools determined eligible. Because these requirements had been in effect for barely a year when the survey was conducted, it seems unlikely that either would explain the entire difference.

The "no-wide-variance" exception, which would permit an LEA to deem all its attendance areas eligible, does not help explain the discrepancy. NIE's analysis took this possibility into account.

SCHOOL TARGETING

In theory, at least, the process of school targeting is distinct from determination of eligibility. To prevent spreading Title I resources too thinly, the regulations encourage districts to limit the number of eligible schools that actually receive Title I services. In fact, however, school targeting as a separate step is practically nonexistent. Over 80% of Title I districts report serving all eligible schools.

Nationally, according to the survey data, 94% of eligible schools are targeted for Title I services. Thus, little variation among districts and very little targeting actually takes place. This finding is particularly striking when considered in the context of the information presented above on the proportion of schools that are eligible for Title I. What these figures mean is that over 62% of all schools in Title I districts receive some Title I services.

ALLOCATING FUNDS TO TARGETED SCHOOLS

After target schools are identified, districts must still decide how much money will be allocated for Title I services. As noted above, the regulations provide very little guidance to LEAs in making this determination, beyond requiring that services be concentrated on a limited number of students in greatest need. Districts must make difficult decisions that balance the kinds and costs of services they wish to provide against the number of students they wish, or are able, to serve.

In making these resource allocation decisions, almost half the districts (45%) attempt to distribute Title I resources to match the number of students receiving Title I services in particular schools. Because student participants are selected on the basis of educational criteria, this means that the school districts allocate resources to schools roughly in proportion to their numbers of low-achievers, rather than of poor children. Other districts distribute their Title I funds in proportion to the number of low-income students in each target school. The rest of the districts use extremely vague rules for allocating resources, and the level of funding per child might vary substantially from school to school. Some district personnel speak generally about focusing on the "greatest educational need" or relating resources to the "severity of the problem." One district apparently decided to fund a program in one school because the school had an unused classroom that could be used for pullout purposes. Another asked school principals how many teachers they needed and negotiated among them until all were satisfied with the final decision.

CONCLUSION

The allocation of Title I funds within school districts is a loose process that varies enormously from place to place. The determination of which schools will receive Title I resources, and the amount they receive, is left almost entirely to the discretion of the local educational agencies. The determination of eligible schools depends to a considerable extent on the criterion for low income chosen by school district personnel. Districts now designate a very large number of schools as eligible to receive Title I services, and virtually all of these are targeted. Finally, there is no assurance that schools with the highest concentrations of either low-income or low-achieving children will receive the greatest amount of Title I resources, or that funds will be allocated in a consistent fashion.

CHAPTER VI. FORMULA DATA

During the 12 years since Title I was enacted, a number of criticisms have been made of the current funding formula, and changes have been suggested in the statistics used to compute entitlements and in the actual structure of the grant. This chapter concentrates on statistics that have been suggested for use in the Title I formula and their implications for funding patterns. The next chapter analyzes the structure of the current grant and whether Title I does result in additional spending on education at the local level.

Several efforts have been made since Title I was enacted to change significantly the statistics used in the formula. In 1974, for example, former Representative James G. O'Hara of Michigan proposed changing the population counted in the formula to reflect more closely the distribution of school-aged children rather than the distribution of low-income children alone. His suggestion was not approved.

Also in 1974, Representative Albert M. Quie of Minnesota suggested that counts of low-achieving children be substituted for counts of low-income children in allocating Title I funds. His proposal was also turned down, although the interest it generated led to the legislative provisions authorizing the NIE study. Another volume in this series of NIE reports presents the Institute's findings on the feasibility, costs, and effects of adopting the Quie alternative.

In 1974, after extensive discussion of alternative poverty definitions, the House and the Senate adopted a formula suggested by Representative John Brademas of Indiana that replaced the existing formula with the formula analyzed in this report. The Brademas formula changed the low-income definition used in the formula and resulted in a substantial change in the distribution of Title I funds. However, it continued to follow the principle that funds would be allocated in relation to numbers of low-income children residing in school districts.

Since Congress last debated the Title I formula 3 years ago, several studies have examined the data available for Title I allocation purposes. For the most part, these studies were the result of Congressional directives in the 1974 legislation and included:

- A study of the methodology for measuring poverty (The Measure of Poverty, Department of Health, Education, and Welfare, 1976)
- A survey of income and education designed to produce counts of children in poverty as of 1975 by State (Survey of Income and Education, SIE)
- A study, just completed, of methods of updating poverty counts, which focused on mathematical means of estimating changes in the poverty population

The following discussion draws on these studies and on NIE's investigations and examines: (1) the distributional effects of changing the poverty definition used in allocating Title I funds while continuing to allocate the funds to LEAs, (2) the consequences of using SIE data to allocate funds, and (3) the debate over how to measure poverty.

CHANGING THE POVERTY DEFINITION

In 1969, the Orshansky poverty standards were adopted by OMB as the official measure of poverty for the Government, and they are widely used in determining the eligibility of individuals for several Federal programs, including employment training programs. Considerable debate regarding the adequacy of the standards has developed from the concern that truly needy individuals might lose services because the official measure does not recognize them as poor. The debate is frequently technical in nature. Some argue that the standards are too low because, for example, the estimates of food consumption, on which the standards are based, date back to 1955 and are unrealistic. Others, however, point to the fact that the standards ignore in-kind income such as food stamps and claim the standards are too high.

This discussion clearly is significant for individuals interested in programs in ich the beneficiaries' right to services depends on their poverty status. However, e effect on Title I is less immediate because the students' family incomes do not termine their eligibility or selection for Title I services. A change in the poverty ndards, or in the income data to which they are applied, affects Title I only if such change increases the counts of poor children in some LEAs at the expense of other As. If the socioeconomic characteristics of the newly defined poor differ from ose of the poor under the old definition, the characteristics of the population served th Title I funds are likely to be affected.

ising the Poverty Definition

To study the distributional effects that would occur if the poverty definition was sed, NIE contracted with the Census Bureau for tabulations of the number of ildren counted as poor in counties and school districts using a number of different verty standards. Among the different standards were two upward revisions that nply raised each of the existing 124 cutoffs used in the current measure of poverty, e Orshansky index, by 25% and by 50%.

These upward revisions have three main effects: (1) an increase in the number of ildren in families considered to be poor; (2) a change in the proportion of poor living different areas; and (3) a decrease in the significance of the children counted under e AFDC, neglected, delinquent, and foster provisions of the formula. Table 28 esents simulations that suggest the impact of raising the poverty level by 25% and % on the regional distribution of poor children.

TABLE 28

REGIONAL DISTRIBUTION OF POOR
UNDER VARIOUS DEFINITIONS

	Current Orshansky	125% Orshansky	150% Orshansky
Northeast	16.2%	17.2%	18.1%
North-Central	20.0	20.9	22.2
South	49.5	47.5	45.0
West	14.3	14.4	14.7

The simulations indicate that a rise in the poverty level decreases the South's share of the Nation's poor, but the effects are not strong. A 50% increase in the poverty level, applied to 1970 census data, would cause a decrease of 4.5% in the South's proportion of the poor.

Increases in the poverty line would have practically no regional impact on the West. The North-Central States would gain 2.2%; and the Northeast, almost 2%. Within the Northeast, however, the redistribution would be substantial because New York would lose part of its share of the Nation's poor for each 25% rise in the poverty level. Thus, other Northeastern States gain as the poverty level rises. Pennsylvania has so many families just over the current poverty line that it would register substantial gains if the line were raised. Rises in the poverty level to 150% of Orshansky also reduce the share of the poor in California, Illinois, and Michigan.

Higher scalings of the Orshansky definition, though these are not seriously considered as poverty lines for Title I, were also simulated. Although the state-to-state impact is not the same when the definition goes from 150% to 200% as when it goes from 100% to 150% of Orshansky, the regional shifts are very similar: the South's share of the Nation's poor continues to decline, and the West continues to be little affected.

The effects, according to type of location, of raising the poverty level to 125% and 150% of the current definition were also examined, as shown in Table 29. The outcomes are quite distinct:

- The proportion of the poor in large central cities declines. The losses are most severe in the Northeast.

- Suburban areas increase their share of the poor when the poverty line rises.

- A rise in the poverty line reduces the nonmetropolitan share of the poor in the aggregate. However, as the regional table in Appendix M shows, nonmetropolitan areas gain everywhere except in the South.

TABLE 29

PERCENT OF POOR CHILDREN, BY PLACE TYPE, AT THREE SCALINGS OF ORSHANSKY FORMULA

	Current Orshansky	125% Orshansky	150% Orshansky
Central city	34.2	33.5	32.7
Large	23.4	22.8	22.1
Other	10.8	10.7	10.6
Suburban	26.7	28.0	29.7
Urban	17.0	17.8	19.0
Rural	9.7	10.2	10.7
Nonmetropolitan	39.1	38.5	37.6
Urban	11.2	11.3	11.3
Rural	27.9	27.2	26.3
Total	100.0	100.0	100.0

Modifications of the Current Definition

A number of technical revisions of the poverty standards have been proposed, most of which involve reducing the number of cutoffs from 124. Among the proposals considered by the Poverty Study Task Force was the use of newly available data on 1975 food prices and new estimates of families' dietary needs from the Department of Agriculture. A shift to 1975 food prices would raise the poverty lines. The use of the new Thrifty Plan developed by the Department of Agriculture would have some effect on the cutoffs for families of different sizes; however, because it was designed to have the same approximate cost as the food plan currently in use in the formula, the Thrifty Plan itself would not affect the poverty level significantly.

The elimination of the distinction between farm and nonfarm families was another proposal discussed by the Poverty Study Task Force. When the poverty lines were developed, Orshansky argued that because farm families grow some of their own food, they had less need for cash income than nonfarm families. Orshansky now argues in favor of eliminating the differential because farm families buy major quantities of food. It is also argued that the differential is an unnecessary complication. Although that might be true with respect to determining poverty for program eligibility purposes, the distinction presents no particular difficulty for the tabulation of census data used in Title I.

Clearly, the elimination of this distinction would make more rural families eligible for counting as poor and, hence, would affect the distribution of Title I funds under constant funding levels.

The Poverty Study Task Force also considered modifications that would:

- Consider food costs as a more significant proportion of the budget in two-person families
- Provide for additional cutoffs for families larger than six persons
- Eliminate distinctions based on the sex of the family head
- Eliminate distinctions based on the ratio of the number of children to adults

NIE has simulated allocations with poverty definitions that incorporate several of these modifications. The findings indicate insignificant effects on the allocation of funds if any of these modifications were to be adopted individually. The general level of the poverty line, the role of other categories of eligibles, the particular cost factor used, and the full funding of state agency grants are all more significant determinants of the flow of Title I funds. The simulations suggest that any single technical change in the poverty definition would have an impact of between 5% and 10% in only a few counties. By State, these changes tend to average out.

"New Orshansky" Formula

In combination, however, several of these technical modifications might significantly affect the allocation of Title I funds. In fact, Mollie Orshansky has recently suggested several modifications, which include:

- Using 1975 food prices and the Department of Agriculture's new Thrifty Food Plan

- Using a multiplier of 3.4 rather than 3.0 on the assumption that the poor spend less than one-third of their income on food and that the existing multiplier results in a definition of poverty that is too low

- Eliminating the distinction between farm and nonfarm families

- Eliminating distinctions based on the ratio of children to adults

- Adjusting estimates of food costs as a proportion of total income to reflect family size

Table 30 shows the effect of the new Orshansky definition in terms of the distribution of low-income children.

TABLE 30

DISTRIBUTION OF POOR CHILDREN UNDER CURRENT DEFINITION OF POVERTY AND NEW ORSHANSKY DEFINITION

	Current Definition		New Orshansky	
	(Millions)	(Percent)	(Millions)	(Percent)
Northeast	1.25	16.2	1.98	17.2
North-Central	1.54	20.0	2.51	21.8
South	3.83	49.5	5.36	46.5
West	1.10	14.3	1.66	14.5
Total	7.72	100.0	11.51	100.0

The table shows that the new Orshansky definition has almost no impact on the percentage of the Nation's poor children living in the West. Although the proportion of the Nation's poor in each of the other regions does not change greatly under the definition, in a large-scale funding program the distributional effects would be significant. The principal cause for the change under the new Orshansky definition is the raising of the poverty level through the use of the new multiplier and 1975 food prices.

SURVEY OF INCOME AND EDUCATION

Poverty counts used in Title I are based on the 1970 census because it is the most recent statistical base for which relatively accurate counts of the poor are available for the entire country and for small areas. Even census income data are not entirely reliable, particularly for small areas, because only 20% of the population was asked about income in the 1970 census. Moreover, the 5- to 17-year-old children counted in the 1970 census are now 12 to 24 years old.

Although data more recent than the census have not been used for Title I allocations, it is clear that shifts in the distribution of the U.S. poverty population since 1970 have been significant. The major source of information on this subject is the Current Population Survey (CPS), a monthly sample survey that asks questions about income once a year. Data from the CPS have indicated that since 1970 the percentage of the Nation's poor in central cities has risen and that the percentage in nonmetropolitan areas and the South has declined somewhat. These data are of limited utility for Title I allocations because the CPS does not produce estimates of poverty for all States.

The Congress commissioned two studies in 1974 to deal with the problem of producing updated poverty counts for Title I. One of these, a study of the technical feasibility of various mathematical updating procedures, was reported in July 1977. The second, the SIE, surveyed 151,000 households in the spring and early summer of 1976. The SIE was the first large-scale national survey with the principal objective of obtaining data about family income status. It provides estimates at the state level with a standard error of approximately 10% for most States.[1] SIE data have been used to produce, for each State, aggregate numbers of poor children living in central cities and other areas. The standard error of these estimates is higher than that associated with the state estimates.

Major Findings.--It was originally expected that the SIE would be combined with the March 1976 CPS to increase the precision of the estimated poverty counts. However, the estimates of children in poverty derived separately from the two surveys are so different that it might not be possible to pool the samples. Different procedures were used for the two surveys, and these appear to have led to drastically different results. The SIE estimate of children in poverty is surprisingly low: 7.132 million in 1976, which represents a substantial decrease from the 1970 census of 7.72 million. By comparison, the CPS estimate for 1976 is 8.2 million.

Poverty estimates appear to be very sensitive to the survey procedures designed to elicit household income information. It is acknowledged that the census undercounts most nonwage income, and it is possible that the reason for lower counts in 1976 than in 1970 was not a decline in poverty but rather more accurate income reporting in 1976. The CPS, with survey methods that were relatively consistent over time, shows a rise in poverty over the same period. Therefore, whether the number of children in poverty has declined since 1970 remains an open question.

The second key finding of the SIE is a shift in the distribution of the poor. Although the South continues to be the poorest region in the country, poverty distribution shifts from the South and the West North-Central States toward the Northeast and Great Lakes regions. Except Rhode Island, every State from Maine to Illinois was estimated to have a rise in the poverty rate among children aged 5 to 17 and an increase in the percentage of the country's poor children (in a period when population was growing faster in other regions). A corresponding decline was recorded in every Southern and Great Plains State but Florida. In many individual States and for census divisions as a whole, the differences in the share of the U.S. poor were statistically significant even with acknowledged sampling errors. The findings in the West were mixed. Except Nevada, the Mountain States all recorded lower poverty rates, but as the division rapidly gained population, its share of the country's poor rose slightly (from 4.37% to 4.61%). Poverty rates dropped substantially in Alaska and Oregon and rose in California and Washington.

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[1] A standard error of 10% means that the SIE estimates at the state level are likely to be within 10% of the correct figure two times out of three, and within 20% 19 times out of 20.

SIE counts used in Title I allocations would have considerable effects (see Table 31). All Southern States except Florida, Texas, and Maryland would lose over 10% of their Title I funds. The West North-Central region would also be cut heavily. Illinois would gain the most in absolute terms. Many other States in the East North-Central, Middle Atlantic, and New England divisions would also gain substantially, as would several States with substantial immigrations--Florida, Arizona, and Nevada.

The limited size of the SIE sample means that SIE data can be used only to the state level for allocation purposes. SIE cannot provide accurate estimates for 1976 of children in poverty at the county, much less the district, level. Were Congress to decide, therefore, to use SIE data for allocation purposes, it would also need to establish a policy regarding whether States could allocate funds within their boundaries and, if not, what data they should use.

POVERTY MEASUREMENT

A formula such as Title I, which allocates funds on the basis of poverty counts, incorporates not only a set of poverty levels but also a definition of income to which these levels are applied. The appropriate income concept to be used in measuring poverty is the subject of considerable debate, as was shown in the preceding discussion of various proposals to amend the Orshansky poverty measure.

Two factors that complicate the measurement of poverty are "in-kind" income and geographical distinctions that might be drawn in measuring poverty.

TABLE 31

IMPACT OF SIE ON TITLE I FUNDING, SIMULATED FOR 1977
($ in millions)

	Actual FY 1977 Allocation	FY 1977 Allocation Based on SIE counts	Difference Amount	Difference Percent
NORTHEAST	380	417	37	10
New England	66	75	9	14
Maine	6	7	1	18
New Hampshire	3	4	1	32
Vermont	3	5	2	48
Massachusetts	32	35	3	9
Rhode Island	7	6	-1	-12
Connecticut	15	18	3	20
Middle Atlantic	314	342	28	9
New York	184	189	5	3
New Jersey	46	60	14	32
Pennsylvania	84	93	9	11
NORTH-CENTRAL	363	400	37	10
East North-Central	258	309	51	20
Ohio	52	58	6	11
Indiana	21	23	2	9
Illinois	88	115	27	31
Michigan	70	84	14	19
Wisconsin	27	29	2	6
West North-Central	105	91	-14	-13
Minnesota	25	25	--	--
Iowa	15	12	-3	-20
Missouri	31	29	-2	-4
North Dakota	5	3	-2	-34
South Dakota	5	4	-1	-24
Nebraska	10	8	-2	-24
Kansas	14	10	-4	-34
SOUTH	660	571	-89	-13
South Atlantic	295	274	-21	-7
Delaware	5	4	-1	-18
Maryland	28	28	--	--
District of Columbia	10	7	-3	-31
Virginia	39	31	-8	-21

TABLE 31 (Continued)

	Actual FY 1977 Allocation	FY 1977 Allocation Based on SIE counts	Difference	
			Amount	Percent
West Virginia	18	12	-5	-27
North Carolina	50	39	-11	-22
South Carolina	34	29	-5	-17
Georgia	50	44	-6	-11
Florida	61	80	19	31
East South-Central	163	122	-41	-25
Kentucky	34	30	-4	-12
Tennessee	41	34	-7	-16
Alabama	46	24	-22	-48
Mississippi	42	34	-8	-20
West South-Central	202	175	-27	-13
Arkansas	26	18	-8	-29
Louisiana	53	39	-14	-27
Oklahoma	19	15	-4	-21
Texas	104	103	-1	-2
WEST	248	265	17	7
Mountain	64	65	1	2
Montana	5	5	--	--
Idaho	4	4	--	--
Wyoming	2	2	--	--
Colorado	16	14	-2	-11
New Mexico	14	14	--	--
Arizona	15	18	3	17
Utah	6	5	-1	-13
Nevada	2	3	1	54
Pacific	184	200	16	9
Washington	19	21	2	11
Oregon	15	13	-2	-17
California	141	158	17	12
Alaska	3	2	-1	-23
Hawaii	6	6	--	--
United States total	$1,653	$1,653	--	--

Source: Section 822(a) Report to Congress.

In-Kind Income

A major issue in poverty measurement is the appropriate treatment of in-kind income (i.e., income in a form other than cash). Employee health plans, employer-paid educational programs, and home-grown food are all forms of in-kind income.

Since the poverty measure was first developed, a number of government in-kind programs have been either initiated or greatly expanded. Food stamps and medical assistance are the most extensive of these, but a significant number of low-income families also benefit from day care and legal services in addition to public housing and school lunches. All these programs are aimed at meeting the basic needs of poor people, and they provide benefits that in at least some cases replace direct cash expenditures.

Several recent studies have dealt with the effects of in-kind programs on the incomes of the poor. Much of the interest in the subject is due to the increasing role of the Federal Government in providing such benefits. Analysts resist the idea that the results of the Government's antipoverty programs should be ignored when the number of poor families are counted. Their desire to estimate the cash value of program benefits and add it to income is, therefore, understandable. With respect to Title I, on the other hand, such a redefinition of income could, if the distributional consequences were marked, take funds from areas in which the need for Title I-funded services was severe, i.e., areas with families receiving welfare, Medicaid, food stamps, and rent supplements.

Considerable controversy exists over how to determine the cash value of services or of in-kind benefits such as food stamps and rent supplements. However, it seems clear that if in-kind benefits were "cashed-out" at some reasonable rate, and incomes including these benefits were compared to the present poverty cutoffs, the Nation's poverty picture would be much changed. There are several reasons for thinking that the change would not be uniform and therefore would affect Title I allocations to a considerable extent. They include:

(1) Some areas do not have particular programs.

(2) Program eligibility rates differ from area to area.

(3) Participation rates among eligibles differ from area to area.

(4) The percentage of poor families whose incomes are near the poverty line, and susceptible to being raised over the line in-kind benefits, differs from place to place.

Food Stamp Adjustment.--As an example of the distributional consequences of placing a cash value on in-kind income, NIE used SIE data to determine the bonus value of food stamps, i.e., the difference between the cost of the stamps to an individual or family and the value of the stamps in the market. The bonus value of the stamps was then added to reported income to see how many children in families thus raised above the poverty line would be affected.

To conduct this analysis, a number of assumptions had to be made. The first assumption related to the annual bonus value received by families. SIE did not directly ask respondents how much their food stamps were worth for the year. Instead, the survey asked three questions: (1) For how many months did you receive food stamps? (2) How much did you pay for them last month? (3) How much were they worth last month? NIE assumed that the bonus value of food stamps for each month they were received was the same as in the month prior to the survey.

The second assumption was that 100% of the bonus value should be counted as income.

Of the 7.13 million children counted as poor in the SIE data, approximately 3% were removed from the analysis because individuals in the household other than the child's parent or guardian might have received the stamps. Of the remaining children, only 5.97 million are still classified as poor if the bonus value of food stamps is added to their families' incomes.

Some shifts in the distribution of the poor occur when food stamp value is considered as income in the SIE tabulations. With food stamps counted, the share of poor children living in the Northeast falls from 18.6% to 16.8%. At the same time, the proportion living in the South increases from 43.4% to 45.5%. The other regions register smaller changes (see Table 32).

TABLE 32

REGIONAL SHARE OF POOR CHILDREN BY SIE DATA, SIE WITH CRUDE FOOD STAMP ADJUSTMENT, AND FISCAL YEAR 1970 CENSUS

	SIE	SIE With Food Stamp	Difference	1970 Census
UNITED STATES	100.0	100.0	0.0	100.0
Northeast	18.7	16.8	-1.9	16.2
New England	4.0	3.7	-0.3	3.4
Middle Atlantic	14.7	13.1	-1.6	12.8
North-Central	22.1	22.4	0.3	20.0
East North-Central	16.3	16.3	0.0	13.3
West North-Central	5.8	6.1	0.3	6.7
South	43.4	45.5	2.1	49.5
South Atlantic	19.6	20.8	1.2	20.8
East South-Central	9.8	10.5	0.7	12.8
West South-Central	14.0	14.2	0.2	15.9
West	15.8	15.3	-0.5	14.3
Mountain	4.6	4.8	0.2	4.4
Pacific	11.2	10.5	-0.6	9.9

Clearly, as shown by the food stamp example, cashing out in-kind income would affect the distributional patterns of programs such as Title I. Whether such a procedure should be employed is another question. Assuming that conceptually sound methods for placing cash values on all in-kind programs could be developed to refine poverty measurement, the result might not be the best measure to use in allocating Title I funds, because places where people rely heavily on government in-kind programs are also likely to be places where educational problems are severe. Moreover, with the exception of SIE data on the value of food stamps, there are no reliable data that permit poverty count adjustments for other in-kind programs.

Metropolitan Differentials

Another controversial question involves geographical differentials in the poverty line. Given that the poverty lines themselves are estimates based on minimal food costs, it is not apparent that a uniform standard of need should be applied to all areas. Currently the only geographical distinction in the poverty measure is the farm/nonfarm differential, which was meant to reflect not lower rural needs but, supposedly, greater rural resources: farm-produced food that supplements cash income. In fact, it is not really a geographical adjustment but an in-kind adjustment. Orshansky herself has recommended dropping this distinction.

A poverty measure with geographical differentials would use a different set of cutoffs in different places. Virtually any set of such adjustments would have extensive funding implications because the number of children counted as poor would remain constant, or perhaps fall, in some areas while rising in others.

The impact of geographical differentials in the poverty standard would depend on the actual differential used. In general, however, it appears that in most areas a 10% rise in the poverty level would raise poverty counts by 15% to 20% and that a 10% fall in the poverty level would have similar downward effects. (This generalization is based on special tabulations of the numbers of children counted as poor at 75%, 100%, and 125% of the current poverty line for all counties.) It follows that if a few places were assigned poverty levels 10% higher than the rest of the country, their funding might rise by 15% or more, even if the total allocation were fixed.

Due to the publicity given to such indicators as the Consumer Price Index (CPI), it is often assumed that cost-of-living indices already exist for most places, and that all that is needed to make cost adjustments in funding formulas is to extend data collection to a limited number of additional areas. In fact, nearly the opposite is true: minimally reliable cost-of-living indices are available for a relatively small number of areas, and even these are not strictly relevant to poverty measurement. The CPI, in fact, is not an interarea price index at all; it is designed to measure price level changes in a given area (for wage escalator purposes) relative to base year prices for that area.

More promising for the purpose of cost-of-living adjustments is the series of amily Budgets produced by the Bureau of Labor Statistics, the organization also esponsible for the CPI. The Family Budgets are the cost of three different family onsumption levels for a family of four including two parents. The lowest of the levels s well above the poverty line appropriate for such a family.

In the construction of the Family Budgets, attention has been given to the dif-icult problem of creating budgets that represent different consumption patterns reflecting different local tastes and needs) but that represent comparable standards of ving. However, the Family Budgets apply only to urban areas. In addition, they are alculated for only a limited number of metropolitan areas, and for small cities only by egion.

The Poverty Study Task Force concluded that geographical adjustments could not e made at the present time. Although much of the data suggested higher living costs metropolitan areas and outside the South, the Task Force did not find the evidence onclusive.

CHAPTER VII. TITLE I AND LOCAL SPENDING

INTRODUCTION[1]

Title I is a type of aid commonly referred to as a block grant, which means it provides lump-sum allocations to jurisdictions.[2] Unlike some general block grants, such as revenue sharing, which are intended in part to provide fiscal relief, Title I is a categorical grant. Funds are intended to purchase a particular type of special service, in this case for educationally disadvantaged pupils. Moreover, Title I funds are intended to supplement, and not replace, local revenues and are not supposed to be spent on services that a district would otherwise have purchased with local funds.

In cases where Federal block grants provide funds for an entirely new kind of service, it is relatively unlikely that the recipient will use them to replace local money; monitoring is easy because the existence of the new service is evidence that grant money has been properly used. However, monitoring is not as easy in a program like Title I. The local educational agencies that receive Title I grants already deliver instructional services of their own, and there is clearly some financial incentive for districts to fund as "compensatory programs" services that would otherwise have been provided from local revenues.

Title I, therefore, incorporates provisions intended to guarantee that grants are used to raise local expenditures and purchase special services, and not to replace local spending.[3] Some of these provisions, such as the maintenance of effort regulation, which Title I shares with many other block-grant programs, are difficult to enforce. Maintenance of effort regulations require districts to maintain their previous level of expenditures; in a period of inflation and rising educational spending, however, this does little to guarantee that Title I grant expenditures really represent additional spending.

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[1] The results reported in this chapter are based on the work of Martin Feldstein et al.

[2] At the state level, Title I has some characteristics of a matching grant, because the cost factor means allocations rise with higher state spending. However, an individual district's spending is unlikely to affect average state spending.

[3] For a full discussion of the regulations governing the use of funds by districts, see The Administration of Compensatory Education, Washington, D.C.: National Institute of Education, September 1977.

Other provisions, however, constitute more direct restrictions on local spending behavior. For example, comparability regulations require that the level of state and ocal funds be approximately the same in schools that do and do not receive Title I funds,[4] and thus that Title I schools receive a large total amount of funds and services.

In addition, Title I restricts spending within schools, and requires that districts provide Title I children with the level of local funding and services ordinarily provided to other children and that Title I pay for only the "excess costs" associated with providing special services. These provisions sometimes have proven difficult to enforce, due in part to the lack of data on per-pupil expenditures. Nonetheless, they place additional limitations on districts' ability to use Title I dollars as tax relief.[5]

The effect of these regulations, some of which are now being added to other Federal education legislation, is to make Title I a "differential block grant" that, by mandating an observable difference in spending between two actual groups, provides a basis for monitoring and enforcement, and makes it more likely that local expenditures will rise (Feldstein, 1977). To see if this has in fact occurred, NIE commissioned a study to estimate how successful Title I has been in raising educational expenditures.

Specifically, each Title I school must have a teacher-pupil ratio and a level of spending on teacher salaries within 5% of the average for non-Title I schools.

For a fuller discussion of the relative effectiveness of regulations ensuring that grants raise district spending, see Barro (1977). The regulations and the difficulty of implementing them are also discussed in Administration of Compensatory Education, Washington, D.C.: National Institute of Education, September 1977.

THE ADD-ON EFFECTS OF TITLE I

To assess the degree to which Title I grants increase education spending, an econometric study of the program's impact on district expenditures was conducted. The analysis was conducted on a large, national sample of school districts and focused on the degree to which Title I increases total current expenditures per pupil. The expenditures "per pupil" refers to all students in a district because data were not available with which to examine directly spending on different schools or on program eligibles.[6]

If the results of the analyses show that a dollar of Title I aid per pupil is associated with an increase in total per-pupil expenditures of one dollar, then the differential add-on requirements of Title I would appear to be fully effective in preventing the use of Title I dollars to displace local expenditures. However, if the increase in total local expenditure per pupil is close to zero, the add-on requirements appear to be ineffective. Table 33 lists the findings for Title I compared to other Federal aid and to state programs.

TABLE 33

EFFECT OF TITLE I AND OTHER AID ON LOCAL EDUCATION SPENDING (1970)

	Average Increase in District Spending per Dollar of Aid (standard errors in parentheses)*	
Title I	0.72	(0.12)
Other Federal aid	0.41	(0.04)
State aid	0.13	(0.02)

*Figures are regression coefficients from an analysis of district expenditures using multiple regression equations, estimated by ordinary least squares.

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[6] Estimates are for 1970. The analysis is currently being repeated using newly available data for 1975. In 1970, some of the key regulations were not in effect; the intention that Title I be supplementary was, however, clear from the beginning.

The results suggest that an extra dollar of Title I aid raises local educational spending by 72 cents. The remaining 28 cents per dollar provides tax relief or allows urisdictions to increase other forms of public spending. By comparison, other Federal aid, which includes a number of programs that vary considerably in their grant structure, increases total expenditures by 41 cents on the dollar. State aid, much of which comes in the form of unrestricted block grants, shows, on average, very little mpact on total spending.

The analysis that produced these findings compared the spending patterns of imilar districts in different States. The analysis was possible because district Title I grants are based not only on the number of formula-eligible children in the district, but also on the average per-pupil expenditure in the district's State. Hence, similar, or even identical, districts in different States can receive different Title I grants.

However, the very fact that Title I grants are higher in States with high average expenditures complicates the analysis because States with high average expenditures are likely to be those that include districts willing to subsidize education heavily from their own tax base. Hence, the average figure of 72 cents might be an overestimate of the degree to which Title I prompts increased spending. Part of the apparent effect on district expenditures of Title I funds might in fact result from the greater willingness of districts in some States to spend heavily on education regardless of the source of unds. It is impossible to separate exactly the effects of Title I funds from the effects of interstate differences. However, the analyses were repeated in a form that makes a pecific allowance for possible state variations.

When the analyses were done this way, the Title I figure fell to 57 cents on the dollar. Thus, while it is impossible to determine the exact impact of Title I dollars, clearly about two-thirds of Title I grants are used for additional spending.[7] This is, of course, an average figure; the effects almost certainly vary in different types of districts (Feldstein, 1977).

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[7] There are no clear theoretical grounds for preferring one estimate to the other; for example, it is possible that one tends to overestimate and the other to underestimate the effect of Title I. However, the difference between the two estimates is of the same magnitude as their standard errors, indicating that a true value between 57 cents and 72 cents would be consistent with either.

The substantial increase in educational spending per dollar of Title I funds suggests that the Title I program has been effective in directing funds to new and additional educational spending. They do not, of course, show how this additional spending was distributed within the district. Nevertheless, the comparison with other programs suggests that the structure of Title I grants and the restrictions they place on district spending make Title I substantially more effective than most aid programs in raising local expenditures on education.

COMPARISONS WITH OTHER PROGRAMS

The analyses reported in this chapter are the first to examine the effects of a Federal categorical education program on per-student spending at the local level. However, they are generally consistent with studies of intergovernmental grants for other, noneducational, purposes. Analyses of Federal categorical block grants that fund new types of services in such areas as housing and transportation have generally found substantial effects at the local level (Gramlich, 1976). By contrast, block grants that do not place restrictions on the use of funds increase local expenditures less. In the case of Federal revenue-sharing funds, for example, probably between 25% and 40% of the money is used for additional spending (Nathan et. al, 1975; Gramlich, op. cit.).

These results tend to support NIE's finding that Title I is more effective in increasing educational spending than other Federal education programs, most of which restrict the use of funds less tightly. They would also appear to support the findings that general state aid has a more limited effect on local spending. NIE's data provides no information on the spending effects of state compensatory education programs.

However, the actual estimates obtained by NIE for state aid are considerably lower than those found by some other studies. NIE's results suggest that, on average, state aid raises district spending by only 13 cents on the dollar. Other analyses of particular States or state programs, e.g., by Cohn and Millman, generally have found that about a third of the aid is used for new expenditures. A more detailed study of California's block grants, conducted for NIE, also found that the State's equalization aid program affects local spending by about 30 cents to 40 cents on the dollar (Wise, 1977). While state aid is clearly less effective than Title I in raising spending, the national estimate should be treated only as an average.

MATCHING GRANTS

Finally, the effects of Title I were compared with those of matching grants, by which local or state expenditures are matched at a specified rate. Analysts generally expect that matching grants will raise expenditures more than those that provide lump-sum grants to jurisdictions. Most studies of Federal and state matching programs confirm this expectation, although a few have shown that some Federal matching programs have had a more limited effect on local expenditures. One study of a Federal matching program, in fact, showed that Federal welfare funds were used to replace local funds to a substantial degree (Gramlich, op. cit.).

NIE examined the effects of matching grants in education by obtaining data from Massachusetts, which has a grant system in which the matching rate varies among individual towns. The results suggest that almost none of the Massachusetts matching money is used to replace local expenditures at the district level.[8] Hence, in Massachusetts, matching funds raise local expenditures slightly more than Title I, in which perhaps one-third of the grant is not translated into extra spending.

However, no estimates can be obtained of the results of matching funds for compensatory services; no such program currently exists. Moreover, although matching grants would probably result in levels of spending equal to or higher than Title I's, they can be regressive in their effects. NIE's research indicates that if Title I were replaced by a program of equal size that matched overall expenditures, and matched them at a higher rate in the poorest districts, overall educational spending would probably increase. However, such matching grants are also likely to allocate more funds than at present to districts with low poverty rates (Feldstein and Friedman, 1977).

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[8] Specifically, the data show a price elasticity of about -0.9, meaning that if Federal matching funds provide 10% of the cost of education services, school districts will increase by 9% the amount they buy; their own expenditures will decrease very little.

CONCLUSION

Local school districts appear to increase their spending by a substantial fraction of the funds that they receive through the Title I program. Title I is more effective in raising educational spending than other Federal aid, or than state aid programs. Matching grants would probably increase spending more on average, but might be more regressive in their allocations.

CHAPTER VIII. TITLE I AND OTHER PROGRAMS OF AID TO EDUCATION

Chapter II examined the funding pattern produced by Title I and concluded that it was highly effective in directing resources toward areas with large numbers of low-income students. On those grounds it can be said that Title I is making an important contribution to the funding available for the students living in low-income areas.

However, a large number of other state and Federal programs provide aid for elementary and secondary education. Many of them direct funds toward areas that are considered needy by one standard or another. Though Title I is the largest single Federal program, the funding from either state and/or other Federal programs combined is several times that of Title I. It is possible that Title I does little more than modify very slightly the funding patterns of these other programs.

The purpose of this chapter is to determine whether Title I has a distinctive effect on the overall pattern of aid to elementary and secondary education. In doing so, it compares the patterns of aid to school districts produced by Title I with those associated with other Federal and state aid programs.[1]

Funding patterns are analyzed according to two quite different, though not mutually exclusive, criteria. The first is the degree to which Title I and other aid programs redistribute money to low-income districts. The second criterion is equalization: the degree to which Title I and other programs provide more money to places with low levels of local educational spending than to places with high per-pupil expenditures.

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[1] The analyses reported in this chapter were conducted jointly by NIE and the Office of the Assistant Secretary for Planning and Evaluation, Department of Health, Education, and Welfare. A forthcoming joint publication will provide detailed information on the individual allocation patterns of other Federal programs of aid to education, as well as Title I.

The two criteria are distinct because low-expenditure districts are by no means always districts with high concentrations of poor children. Many city school districts have large numbers of poor children, but also typically have high levels of per-pupil expenditure. Both criteria represent reasonable ways of defining the need for educational aid. The Title I statute favors the low-income (or redistributional) criterion; the analysis that follows will indicate the degree to which Title I is in fact redistributive in this respect and whether it produces funding patterns unlike other programs of Federal and state aid.

REDISTRIBUTION

Table 34 compares Title I and other programs according to the "redistributive" criterion.[2] To examine the average redistributive impact of different programs, districts were grouped by quartiles; that is, the 25% of districts with the highest percentage of children in poverty in 1970 were grouped together as the highest quartile, then the next 25%, and so on. Table 34 examines the level of aid reaching districts in all four quartiles for the entire United States.

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[2] The Federal programs examined here include only those providing funds for elementary and secondary education. Among the largest programs in recent years, other than Title I, have been School Assistance in Federally Affected Areas, which redistributes money to districts whose local tax base must provide for the education of Federal employees' children and Vocational Education. In the future, aid for the handicapped will probably be of increasing importance. The analyses reported here examine these programs as a group, rather than singly. However, the allocation patterns for a particular program might differ significantly from those of other Federal aid as a whole. The same is true of state aid, which in any given State might cover a wide range of programs from basic support to compensatory education, and which also varies greatly from State to State.

TABLE 34

TITLE I, OTHER FEDERAL REVENUE, AND STATE AID TO DISTRICTS RANKED BY POVERTY

% of Children in Poverty (1970)	Average Title I Per ADM* 1974-75	Other Federal Aid 1974-75	Average State Aid Per ADM 1974-75
Highest quartile	$57.38	$138.49	$537.99
Third quartile	$42.92	$112.33	$583.08
Second quartile	$19.03	$ 65.02	$575.15
Lowest quartile	$10.34	$ 37.83	$513.87
Ratio of highest to lowest quartile	5.55	3.66	1.05

*Pupils in average daily membership.

Title I is markedly more redistributive than other state and Federal aid programs. Title I allocated more than five-and-one-half times as much aid per pupil to the districts with the highest poverty rates as to the lowest. The ratio for other Federal programs is three and one-half to one. Thus, Federal aid is generally redistributive, but Title I is distinctly more so than other Federal programs.[3] Because the total funds considered in the columns labeled "other Federal aid" and "state aid" far exceed Title I funding, the absolute figures in those two columns are nonetheless larger than for Title I at every district quartile.

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[3] NIE also checked the redistributiveness of Title I against the 1975 statewide estimates of poverty counts provided by the SIE. Using this standard, Title I was still strongly redistributive. Other Federal programs, however, are far less redistributive when measured against 1975 poverty estimates at the state level than against 1970 census counts.

A recent study of aid programs in education, welfare, and other areas suggests that Title I might be the most redistributive of all Federal domestic programs providing funds to jurisdictions. In a paper by Hicks and Sarto (forthcoming), Title I funding was shown to have a correlation of -0.76 with county per-capita income.[4] Only the food stamp program came close to equaling this apparent redistributive effect.

By contrast, state aid programs are generally not redistributive. Although districts with the highest poverty rates receive about 5% more per pupil than those with the lowest, districts in the middle quartiles on average receive the most state aid.

The table above displays patterns aggregated by district for all States. However, States vary tremendously in the kinds of aid programs they provide, while the Title I cost factor means that districts with equal numbers of low-income children, but in different States, receive different amounts of aid. NIE, therefore, also examined the patterns of funds allocation within the States. The basic pattern held firm for Title I and other Federal aid. State aid proved to be slightly redistributive when analyzed on a within-state basis. It favored districts with the lowest poverty rates over those with the highest at a ratio of 1.2 to 1--still far less than either Title I or other Federal aid.

EXPENDITURE EQUALIZATION

NIE also examined the degree to which Federal programs assist low-expenditure areas. Districts were ranked in terms of their state and local revenues per pupil and again grouped into quartiles.

Table 35 demonstrates that both Title I and other sources of Federal aid are somewhat equalizing, but that neither is as effective in compensating for unequal state and local expenditures as in redistributing funds to areas with concentrations of low-income children. Though Title I in 1974-1975 gave more money to the lowest than to

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[4] A county's per-capita income is strongly correlated with its poverty rate.

TABLE 35

TITLE I, FEDERAL AID, AND OTHER PER-PUPIL EXPENDITURES: 1974-1975 (U.S. TOTAL)

State-Local Revenue per Pupil, 1974	Local and State Revenue	Title I 1974-75	Other Federal Revenue	Title I 1975-76
Highest quartile	\$1,853.34	\$28.51	\$67.25	\$26.83
Third quartile	\$1,388.93	\$37.34	\$77.02	\$36.36
Second quartile	\$1,159.33	\$27.73	\$84.22	\$31.29
Lowest quartile	\$ 903.07	\$35.35	\$110.68	\$43.32
Ratio of lowest to highest quartile	0.49	1.24	1.65	1.61

the highest quartile, it gave most to the third quartile. Even in fiscal year 1976, after the Title I formula had been amended and Federal compensatory education funds were allocated in a more equalizing fashion, Title I gave only 1.6 times more per pupil to the lowest than to the highest quartile.

The fact that an analysis of national Title I funding patterns does not reveal a major equalizing effect is not surprising. The "cost factor" in the Title I funding formula increases the funding that goes to high-expenditure States; thus, school districts will tend to receive higher Title I allocations the higher the levels of their state and local expenditures.

If, however, Title I funding patterns are examined within individual States, the counter-equalizing effects of the cost factor are eliminated. Table 36 displays the results of the within-state analysis. It shows that within States, Title I is considerably more equalizing than other sources of Federal aid. In fiscal years 1975 and 1976, Title I allocations per pupil were on average 1.7 times as high in districts in the lowest revenue quartile as in districts falling in the highest 25%. For other Federal aid, the figure is 1.1. Within States, then, Title I funding has a definite equalizing effect. Again, Title I funds have much stronger effects as instruments for redistribution than for equalization of expenditures.

Though Title I's funding formula is essentially a redistributive one, a program based on counts of low-income children is likely to have some equalizing effect. Many districts with a substantial number of low-income children are also spending relatively little on education, and vice versa. However, the relationship between poverty and expenditures is far from perfect, and modifications of Title I's poverty definition are unlikely to create major changes in its impact on expenditure inequalities. Of all the possible changes in Title I, eliminating the cost factor based on state average per-pupil expenditure would have the greatest effect. NIE's research on possible changes in other elements of the Title I formula indicates that giving special weight to districts with very high percentages of poor children would have an equalizing effect for a number of very low-expenditure districts, but would have little effect on the general pattern of the distribution of Title I funds.

TABLE 36

TITLE I FEDERAL AID AND OTHER PER-PUPIL EXPENDITURES: WITHIN-STATE ALLOCATIONS

State and Local Revenue per Pupil	Local and State Revenue per ADM 1974-75	Title I per ADM 1974-75	Other Federal Revenue	Title I 1975-76
Highest quartile	$1,557.05	$26.39	$87.62	$27.74
Third quartile	$1,327.42	$30.24	$79.55	$31.99
Second quartile	$1,216.51	$29.05	$76.78	$32.62
Lowest quartile	$1,109.17	$44.13	$98.47	$46.94
Ratio of lowest to highest quartile	0.71	1.7	1.1	1.7

On the other hand, a Federal equalization program might well be significantly less redistributive than Title I. Under such a program, it is quite possible that a higher proportion of funds would go to those areas with relatively low poverty rates than is now the case. Funding for areas with large numbers of poor children would often also decline because cities with relatively high expenditure rates, but many poor children, would not benefit. In fact, NIE's analysis indicates that if the type of equalization formula[5] most often considered were to replace Title I, areas with poverty rates below 10% might be the greatest beneficiaries.

CONCLUSION

As a funding program, Title I's effects are distinctive. It is more redistributive than any other class of Federal and state programs. Though it is not meant to be a device for equalizing per-pupil expenditures among school districts, it does equalize to some extent.

Another way of looking at the distinctiveness of Title I is to examine the distribution of state and local aid among districts classified according to the size of their Title I grants. As Table 37 shows, state and local revenues do not favor the districts most aided by Title I. Title I is an important source of special help to these districts.

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[5] That is, a formula using national APPE the benchmark and taking into account current local tax rates and willingness to spend on education.

TABLE 37

LOCAL AND STATE REVENUES AND TITLE I GRANTS PER PUPIL

Districts ranked by size of 1974-75 Title I grant per-pupil:	State and Local Revenues
Across-State	
Highest quartile	$1,226.85
Third quartile	$1,183.22
Second quartile	$1,267.86
Lowest quartile	$1,417.16
Ratio of highest to lowest quartile	0.87
Within-State	
Highest quartile	$1,347.50
Third quartile	$1,219.16
Second quartile	$1,213.07
Lowest quartile	$1,316.95
Ratio of lowest to highest quartile	1.02

APPENDIX A. SECTIONS 821 AND 150
OF PUBLIC LAW 93-380

Public Law 93-380
93rd Congress, H. R. 69
August 21, 1974

An Act

To extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education Amendments of 1974".

PART B—EDUCATIONAL STUDIES AND SURVEYS

STUDY OF PURPOSES AND EFFECTIVENESS OF COMPENSATORY EDUCATION PROGRAMS

SEC. 821. (a) In addition to the other authorities, responsibilities and duties conferred upon the National Institute of Education (hereinafter referred to as the "Institute") by section 405 of the General Education Provisions Act and notwithstanding the second sentence of subsection (b)(1) of such section 405, the Institute shall undertake a thorough evaluation and study of compensatory education programs, including such programs conducted by States and such programs conducted under title I of the Elementary and Secondary Education Act of 1965. Such study shall include—

(1) an examination of the fundamental purposes of such programs, and the effectiveness of such programs in attaining such purposes;

(2) an analysis of means to identify accurately the children who have the greatest need for such programs, in keeping with the fundamental purposes thereof;

(3) an analysis of the effectiveness of methods and procedures for meeting the educational needs of children, including the use of individualized written educational plans for children, and programs for training the teachers of children;

(4) an exploration of alternative methods, including the use of procedures to assess educational disadvantage, for distributing funds under such programs to States, to State educational agencies, and to local educational agencies in an equitable and efficient manner, which will accurately reflect current conditions and insure that such funds reach the areas of greatest current need and are effectively used for such areas;

(5) not more than 20 experimental programs, which shall be reasonably geographically representative, to be administered by the Institute, in cases where the Institute determines that such experimental programs are necessary to carry out the purposes of clauses (1) through (4), and the Commissioner of Education is

authorized, notwithstanding any provision of title I of the Elementary and Secondary Education Act of 1965, at the request of the Institute, to approve the use of grants which educational agencies are eligible to receive under such title I (in cases where the agency eligible for such grant agrees to such use) in order to carry out such experimental programs; and

(6) findings and recommendations, including recommendations for changes in such title I or for new legislation, with respect to the matters studied under clauses (1) through (5).

(b) The National Advisory Council on the Education of Disadvantaged Children shall advise the Institute with respect to the design and execution of such study. The Commissioner of Education shall obtain and transmit to the Institute such information as it shall request with respect to programs carried on under title I of the Act.

(c) The Institute shall make an interim report to the President and to the Congress not later than December 31, 1976, and shall make a final report thereto no later than nine months after the date of submission of such interim report, on the result of its study conducted under this section. Any other provision of law, rule, or regulation to the contrary notwithstanding, such reports shall not be submitted to any review outside of the Institute before their transmittal to the Congress, but the President and the Commissioner of Education may make to the Congress such recommendations with respect to the contents of the reports as each may deem appropriate.

(d) Sums made available pursuant to section 151(i) of the Elementary and Secondary Education Act of 1965 shall be available to carry out the provisions of this section.

(e)(1) The Institute shall submit to the Congress, within one hundred and twenty days after the date of the enactment of this Act, a plan for its study to be conducted under this section. The Institute shall have such plan delivered to both Houses on the same day and to each House while it is in session. The Institute shall not commence such study until the first day after the close of the first period of thirty calendar days of continuous session of Congress after the date of the delivery of such plan to the Congress.

(2) For purposes of paragraph (1)—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day period.

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"ALLOCATION OF FUNDS WITHIN THE SCHOOL DISTRICT OF A LOCAL EDUCATIONAL AGENCY

"Sec. 150. (a) For any fiscal year not more than 20 local educational agencies selected for the purpose of section 821(a)(5) of the Education Amendments of 1974 may elect, with the approval of the district-wide parent advisory council which is required to be established under section 141(a)(14) of this title, to allocate funds received from payments under this title on the basis of a method or combination of methods other than the method provided under section 141(a)(1)(A). Any method selected pursuant to this section shall be so designed and administered as to be free from racial or cultural discrimination.

"(b) Any local educational agency to which this section applies shall submit such reports to the Director of the National Institute of Education at such time and in such manner as the Director may reasonably require to carry out his responsibilities under section 821(a)(5) of the Education Amendments of 1974.

APPENDIX B. PROCEDURES FOR ALLOCATING FUNDS TO SCHOOL DISTRICTS

The calculation by the Office of Education of grants for LEAs under Part A would be relatively straightforward if two conditions existed: (1) appropriations for Title I fully funded the authorizations established by Congress, and (2) counts of low-income students (formula eligibles) were available for each LEA.

Under those circumstances each LEA would be entitled to a grant that would equal the number of formula-eligible children multiplied by 40% of the average per-pupil expenditure in the LEA's State (state APPE). Only two constraints on the LEA's entitlement would exist under these ideal conditions: (1) the state APPE would never be calculated at less than 80% of the national APPE, nor at more than 120% of the national APPE; and (2) an LEA would never receive less than 85% of its allocation in the prior year.

In practice, neither condition exists, and the procedure is a great deal more complicated. Except for the first year, Title I has never been fully funded, and counts of low-income students by LEAs are available for only a few States. The first problem, inadequate funding, means that LEA grants have to be adjusted until they total the amount of money available (by means of a ratable reduction). The second, inadequate data at the LEA level, means that OE rarely calculates an LEA grant; instead, it calculates grants to counties, leaving States the task of allocating county grants to LEAs. The Office of Education is able to compute "county grants" because counts of eligible children (census poor and children in families receiving assistance under the Aid to Families with Dependent Children program) are available at the county level.

PROCEDURE FOR FORMULA ALLOCATION TO COUNTIES

The precise amount allocated to each county is computed in two steps. First, a formula is used to calculate county "entitlements," which would be distributed to the

LEAs if Title I were fully funded at the amount authorized. Because the allocation available for LEA grants falls far short of the total county entitlement, in the second step they are reduced until they equal the money actually appropriated by Congress. All entitlements are reduced by the same percentage (ratable reduction) except that no county may receive less than 85% of its previous allocation. The formula for computing entitlements is as follows:

- The number of formula eligibles is calculated. For each county the total number of resident children in each of three categories is identified, and the totals for the three categories are added. The categories are as follows:

  (1) The number of children aged 5 to 17, inclusive, from families below the poverty level on the basis of the most recent satisfactory data available from the Department of Commerce

  (2) Two-thirds of the number of children aged 5 to 17 from families receiving payments under AFDC greater than the current poverty level for a nonfarm family of four

  (3) The number of children aged 5 to 17--being supported with public funds--who live in foster homes or in institutions for neglected or delinquent children and depend on the local educational agency for educational services (Institutions served by state agencies are eligible for full funding under the Part A state agency set-aside.)

- The second part of the formula is the "cost factor." Title I, at full funding, would provide an additional 40% of educational funding for each eligible child. The cost factor is based on this ratio of 0.4 on each State's average current expenditure per pupil and on the national average, which is used to set maximum and minimum rates.

(1) If the state APPE is less than 80% of the national APPE, then the cost factor is 0.4 times 80% of the national APPE.

(2) If the state APPE is greater than 120% of the national APPE, then the cost factor is 0.4 times 120% of the national APPE.

(3) If the state APPE is between 80% and 120% of the national APPE, then the cost factor is 0.4 times the state APPE.

Table B-1 summarizes the way each county's allocation is computed.

TABLE B-1

PROCESS OF COMPUTING EACH COUNTY'S ALLOCATION

Entitlement = (P + AFDC + NDF) x .4 SAPPE
1st multiplier 2nd multiplier

Allocation = Entitlement x CA

P = Number of children from poor families defined by U.S. census (Orshansky index)

AFDC = .67 children from poor families receiving AFDC payments above poverty

NDF = Children in institutions for the neglected and delinquent and in publicly supported foster homes

SAPPE = State APPE (within limits)

CA = LEA share of Congressional appropriation as a proportion of entitlement sum (.393 in 1975-77)

PROCEDURES FOR SUBCOUNTY ALLOCATION TO LEAs

After the entitlements are ratably reduced, each LEA is notified of the amount that it and the counties of the State are eligible to receive under Title I. In the few States in which counties are coterminous with LEAs, this procedure results in OE's calculating allocations to the LEAs.

However, in most States, county and LEA boundaries do not coincide, and the States are responsible for allocating Title I funds to districts within county boundaries or to districts crossing county boundaries. This procedure frequently is termed "subcounty allocation." The rules governing subcounty allocation by LEAs are described below.

The Title I statute does not provide unlimited discretion to the SEAs with respect to the subcounty allocation of Title I funds. The statute provides that the county allocation " . . . shall be allocated among those (local educational) agencies upon such equitable basis as may be determined by the State Educational Agency in accordance with basic criteria established by the Commissioner."

The criteria established by the Commissioner set forth in the regulations generally provide that the SEA must suballocate the Title I funds on the basis of available data which it considers best reflect the current distribution of eligible children from low-income families.

PROCEDURES FOR ALLOCATING FUNDS WITHIN SCHOOL DISTRICTS

Having received a Title I allocation, an LEA must select schools eligible for Title I-funded services, target specific schools from among those deemed eligible, and determine which students within those schools will receive services. A brief discussion of these procedures follows.

Choosing Eligible Schools

The basic requirement governing selection of eligible schools by the LEA is to choose school attendance areas that have high concentrations of children from low-income families. The term "attendance areas" is used in the statute because all needy children living in a targeted attendance area are potentially eligible for services regardless of which public or private school they attend. Other provisions of the law, as well as OE regulations, serve to interpret and explicate this basic requirement.

Basically, an LEA is required to select one or several measures of poverty to determine the number of children aged 5 to 17 from poor families residing in the LEA as a whole and in each attendance area. Each attendance area with a percentage of poor children at least as high as the average for the district is eligible; alternatively, an LEA can choose to rank areas based on the number rather than the percentage of poor children, deeming those areas eligible which have a number of poor children at least as high as the average attendance area in the LEA. Both methods may be used simultaneously. An LEA may declare schools eligible which have either large numbers or high concentrations of poor children, as long as the total number of attendance areas selected by the combined method does not exceed the number that would have been chosen by using only one method.

Choosing between the percentage and the number methods to award eligibility status to attendance areas is only one of the major criteria for determining which of an LEA's attendance areas is eligible for Title I. Several additional procedures are also important.

The 3-Year Hold-Over Option.--This procedure was introduced by the Education Amendments of 1974 and provided that a school attendance area that fails to meet the eligibility criteria, but that met such criteria and received Title I services in either of the 2 preceding fiscal years, shall be deemed to be eligible. The Congressional intent was to give continuity to Title I programs through sustained eligibility.

The Selection of Poverty Measures.--When LEAs apply to SEAs for funding, they may, with SEA approval, have the freedom to select the measure or combination of measures that will define poverty levels for the various school attendance areas. A partial list of the poverty measures LEAs may employ is found in the OE publication "Title I ESEA Selecting Target Areas" and includes:

- Number of children whose families receive AFDC
- Number of children from families below poverty level according to the U.S. census
- Number of children eligible for daily free and reduced price lunches at school
- School surveys
- Health statistics
- Housing statistics
- Employment statistics
- Other

LEAs can use one or more measures, or any combination of measures, but they must apply these measures consistently across schools.

Eligibility by Actual Attendance.--The Education Amendments of 1974 provided that an LEA could, at its discretion, deem any school eligible for Title I payments if "the proportion of children in actual average daily attendance from low-income families is substantially the same as the proportion of such children (in an eligible attendance area) of that agency."

The amendments reflect a Congressional concern that, in an attendance area in which children of poor families constitute only a small percentage of children resident in the area, but in which large numbers of nonpoverty children do not attend the local schools, the attendance areas would be deemed ineligible despite the fact that the children of poor families constitute a high percentage of the children in actual attendance. The amendment enables such a school to be eligible for Title I funds.

The "No-Wide-Variance" Option.--Another option sometimes available to LEAs is the "no-wide-variance" rule:

> In certain cases, the whole of a school district may be regarded as an area having a high concentration of . . . children (of low-income families) and be approved as a project area, but only if there are not wide variances in the concentrations of such children among the several school attendance areas in the school district.

Thus, if an LEA can establish to the satisfaction of its SEA that there are "no-wide-variances," all attendance areas become eligible. Under the new regulations, the standard is that the variation between the highest and lowest percentage of children from low-income families is not more than one-third the average of low-income children for the district as a whole.

Thirty Percent Rule.--A final option, formerly described in "Title I ESEA Selecting Target Areas" and currently appearing in the revised 1976 regulations, is that with the approval of the SEA ". . . an area with 30% or more of the children from such (low-income) families may be designated as a project area." This rule apparently originated following expressed Congressional concern that inflexible targeting regulations could result in an LEA with a high incidence of poverty declaring schools with 25% or 30% low-income enrollment ineligible, although a neighboring district with a lower incidence of poverty might declare a school with only 10% low-income enrollment eligible.

Selecting Schools

Having developed its list of eligible attendance areas, the LEA must choose which schools it will "target"--that is, fund. The law and regulations impose two constraints on LEAs in choosing which of the eligible schools to fund.

One is the "no-skip" provision, formerly articulated by OE in Program Guide #44, Section 4.6, and presently appearing in the 1976 revised regulations. In general, the "no-skip" provision stipulates that an LEA cannot designate that an eligible school attendance area be served by a program unless all attendance areas with higher percentages or numbers of children from low-income families have been so designated.

The new regulations provide that an attendance area need not be targeted, i.e., it may be "skipped," if the LEA can demonstrate that educational need is greater in other, lower ranked eligible areas.

The second constraint is the requirement that every Title I program be ". . . of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting (the needs of educationally deprived children)." .

Student Eligibility and Selection

Although attendance area eligibility is determined by economic criteria, student eligibility is based on low achievement, described by existing regulations as: ". . . those children who have need for specific educational assistance in order that their level of educational attainment may be raised to that appropriate for children of their age."

The final step in the process is the selection of children to be served from among those who are eligible and the determination of the amount and type of service each should receive. Specifically, the regulations provide that:

> The project for which an application for a grant is made by a local educational agency should be designed to meet the special educational needs of those educationally deprived children who have the greatest need for assistance.

Program Requirements Designed To Ensure That Title I Is an "Add On"

A school district might spend every penny of its "Title I money" on "Title I projects" without Title I children reaping the full benefit of the additional funds--its share of locally provided services could simply be reduced, so that, in effect, some of the aid goes to other children or back to the taxpayer. This is a problem in all grant programs, hardly unique to Title I. An elaborate set of requirements, however, is designed to prevent this diversion of effort. These requirements include:

- Maintenance of effort requirements--intended to prevent LEAs and States from reducing their level of expenditure per pupil and using Title I to compensate for the difference

- Comparability requirements--intended to ensure that the services provided to the target population are comparable (i.e., approximately equal) to the services provided to nontarget populations before the addition of Title I services

- General aid prohibitions--intended to ensure that Title I funds are used as categorical aid to meet the needs of educationally deprived children and not used for the general needs of the schools or the student body at large

- Supplanting requirements--intended to ensure that: school attendance areas and children participating in Title I programs are not penalized in the provision of state and local funds because they are receiving special assistance under Title I; Title I funds may only be used to pay for the excess cost of programs; and in no case may Title I funds replace state and local funds that would be provided but for the existence of Title I or be used to pay for services which are ordinarily provided in nonproject areas with state and local funds

APPENDIX C

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
Office of Education
Elementary and Secondary Education Act of 1965, P.L. 89-10 As Amended
Title I Assistance for Educationally Deprived Children
Allocations for Fiscal Year 1977

	PART A								PART B - $16,[illegible]		GRAND TOTAL	
	Local Educational Agencies	Handicapped Children	Juvenile Delinquents	Adult Correctional Institutions	Neglected Children	Migrant Children 1/	Administration	Total Part A	Special Incentive	Administration	Total Administration	Grand Total
TOTALS	1,721,130,377	111,433,451	10,086,654	7,833,613	1,058,[illegible]	130,909,532	21,180,411	2,013,500,717	16,523,262	245,130	21,130,449	2,030,000,0[illegible]
Dept. of Interior												17,567,233
Evaluation & Studies								17,567,233				11,999,993
Undistributed												230,783

1/ $2.3 million of this amount is reserved for the Migrant Student Record Transfer System

APPENDIX D. DATA SOURCES AND ANALYSIS PROCEDURES

The tables that appear in Chapters II, III, and IV are based on the following data.

Counts of children, of children in poverty, and of children in poverty by alternative definitions (1970) are based on special tabulations commissioned by NIE from the Bureau of the Census. These tabulations were produced for all counties in the 50 States and for the District of Columbia. In addition, these tabulations were produced for all school districts with enrollments over 300. School district boundaries for this tabulation were defined as those in effect during the 1974-75 school year. Mapping census geography to school district boundaries is a project of the CES and the Bureau of the Census.

Counts of "black or Spanish children," by county, are from a file created by Applied Urbanetics, Inc. for the Congressional Research Service.

Title I allocation data and counts of AFDC children and of neglected, delinquent, or foster children used in the Title I formula are official Title I data, made available to NIE by the Congressional Research Service. In contrast, NIE has not used official Title I counts of poor children, and therefore of total eligibles, because the census retabulations mentioned previously are more recent and somewhat more accurate than the official tabulations made available by the Census Bureau to the NCES. The NIE tabulations include an additional 19,000 poor children.

Data on state per-pupil expenditures, used in the Title I cost factor, are the official Title I figures as reported to NCES.

Data on Title I allocations to LEAs were collected from SEAs by CEMREL, Inc., and matched to the ELSEGIS 1975-76 School District Universe file. The resulting file was merged with the census tabulations by school district. As mentioned above, the census tabulations were based on 1974-75 boundaries, so the file merge involved etermination of appropriate procedures in cases where school districts either dis- ppeared or were created through consolidation between 1974-75 and 1975-76.

Data on place type were included in the census tabulations. For each county or hool district, separate counts were created of the number of children or poor ildren living in large central cities, other central cities, etc. SMSA boundaries as of 975 were taken from a file prepared by Applied Urbanetics, Inc. for the Congressional esearch Service. Using the file of 1975 SMSA boundaries, the metropolitan and onmetropolitan breakdowns in the analyses were made to refer to places within or tside metropolitan areas as of 1975. All places added to existing metropolitan areas, l new metropolitan areas, and all cities designated as central cities between 1970 and 975 are considered in the analyses to be "suburban."

Two kinds of analyses were performed on these data. Those that did not require mulation of Title I funding (e.g., the distributional impact of the current formula) mply used the Statistical Package for the Social Sciences (SPSS) to produce summary d breakdown tables. Those that did require simulation (e.g., analysis of the effects the elements of the formulas) utilized the Federal Education Finance (FEF) model, iginally produced by Applied Urbanetics, Inc., for the Congressional Research rvice, and modified for NIE use by Team Associates, Inc. The FEF model simulates wide range of funding formulas; as a result of the NIE modification, it also creates SPSS system file, so the allocations resulting from the simulation can be anulyzed ing SPSS.

Data from the Survey of Income and Education were tabulated by the Bureau of e Census, which also provided the food stamp tabulations discussed in this report.

APPENDIX E. TITLE I ALLOCATIONS PER PUPIL IN DISTRICTS CLASSIFIED BY INDICATORS OF FISCAL RESOURCES: 1974-75 AND 1975-76*

National Allocations: Average per-Pupil Allocations in Districts Grouped in Quartiles

Equalized property value per pupil (EPV)	1974-75 $ per Pupil	1975-76 $ per Pupil
Highest quartile of districts	29.71	30.02
Third quartile	34.73	35.97
Second quartile	33.18	35.81
Lowest quartile	31.19	36.06
Median family income		
Highest quartile	15.99	18.50
Third quartile	41.28	41.40
Second quartile	32.83	40.07
Lowest quartile	60.25	63.36
Income per pupil		
Highest quartile	26.43	27.74
Third quartile	23.49	27.75
Second quartile	30.53	33.71
Lowest quartile	57.48	57.78
Income per capita		
Highest quartile	19.09	20.25
Third quartile	27.41	31.26
Second quartile	30.66	36.75
Lowest quartile	66.68	68.36

Total Federal aid shows a similar pattern with respect to EPV and is somewhat less redistributive with respect to median family income, income per pupil, and income per capita.

APPENDIX E (Continued)

Within-State Allocations

Equalized property value per pupil	* 1974-75 $ per Pupil	1975-76 $ per Pupil
Districts in the highest quartile for their State	41.83	39.74
Third quartile	27.31	30.33
Second quartile	27.47	32.43
Lowest quartile	34.28	37.28
Median family income		
Highest quartile	18.56	21.62
Third quartile	31.72	36.72
Second quartile	52.54	49.53
Lowest quartile	57.25	59.15
Income per pupil		
Highest quartile	26.80	29.87
Third quartile	23.62	27.66
Second quartile	28.36	30.66
Lowest quartile	56.30	55.00
Income per capita		
Highest quartile	20.35	23.42
Third quartile	26.45	29.91
Second quartile	35.57	37.71
Lowest quartile	66.37	66.29

Total Federal aid is allocated within-State in such a way that, on average, the districts with highest property values get most, those with the lowest somewhat less, and the middle quartiles least. It is redistributive with respect to median family income per pupil x income per capita but less so than Title I.

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*Comparable data are not yet available for fiscal year 1977, the year for which most of the other analyses reported were performed. Figures are for pupils in average daily membership.

APPENDIX F. CURRENT EXPENDITURE PER PUPIL AND RATABLY REDUCED ALLOCATION PER ELIGIBLE, BY STATE

	CEPP[1]	$ per Eligible[2]
NORTHEAST		
New England		
Maine	$1,050	$165
New Hampshire	1,106	174
Vermont	1,271	200
Massachusetts	1,421	223
Rhode Island	1,482	233
Connecticut	1,507	237
Middle Atlantic		
New York	2,216	244
New Jersey	1,719	244
Pennsylvania	1,451	228
NORTH-CENTRAL		
East North-Central		
Ohio	1,119	176
Michigan	1,467	230
Indiana	1,090	171
Illinois	1,488	234
Wisconsin	1,363	214
West North-Central		
Minnesota	1,485	233
Iowa	1,204	189
Missouri	1,093	172
North Dakota	1,028	163
South Dakota	993	163
Nebraska	1,209	190
Kansas	1,219	191
SOUTH		
South Atlantic		
Delaware	1,461	229
Maryland	1,507	237
District of Columbia	1,653	244

APPENDIX F (Continued)

	CEPP[1]	$ per Eligible[2]
SOUTH		
West Virginia	972	163
Virginia	1,137	178
North Carolina	1,004	163
South Carolina	941	163
Georgia	960	163
Florida	1,237	194
East South-Central		
Kentucky	813	163
Tennessee	926	163
Alabama	850	163
Mississippi	756	163
West South-Central		
Arkansas	803	163
Louisiana	1,042	164
Oklahoma	960	163
Texas	985	163
WEST		
Mountain		
Montana	1,288	202
Idaho	954	163
Wyoming	1,347	212
Colorado	1,238	194
Utah	978	163
New Mexico	1,043	164
Arizona	1,159	182
Nevada	1,150	181
Pacific		
California	1,270	199
Oregon	1,429	224
Washington	1,324	208
Alaska	2,300	244
Hawaii	1,320	207

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[1] CEPP in ADA, 1974-1975. Includes all current spending except Federal aid under Titles I, II, and III, ESEA.

[2] Official cost factor x (.3926). This is the amount of ratable reduction in fiscal year 1977 for places unaffected by the hold-harmless provision.

APPENDIX G. REGIONAL ALLOCATIONS BY PLACE TYPE

	NORTHEAST				NORTH CENTRAL			
	Allocation (in millions)	Per School-Aged Child	Per Census Child	Per Formula Eligible	Allocation (in millions)	Per School-Aged Child	Per Census Child	Per Formula Eligible
Central city	$215.20	$68.24	$321.23	$237.76	$155.10	$38.02	$257.07	$207.99
Large	174.94	67.03	331.43	239.46	119.85	44.94	263.85	210.46
Other	40.26	37.11	283.36	230.69	35.25	24.97	236.47	199.23
Suburbs	118.35	17.77	294.57	233.67	89.64	14.22	250.85	208.29
Urban	88.79	17.52	301.39	235.17	59.16	13.02	258.88	210.98
Rural	29.56	18.53	275.82	229.34	30.48	17.32	236.57	203.38
Nonmetropolitan	45.32	29.18	253.41	220.57	122.68	27.46	210.53	195.96
Urban	14.84	27.80	255.90	220.50	33.87	20.39	212.30	194.77
Rural	30.48	29.89	252.23	220.61	88.81	31.63	209.86	196.07

	SOUTH				WEST			
Central city	$180.61	$40.81	$179.01	$173.91	$ 82.42	$31.58	$229.77	$196.78
Large	105.60	41.29	184.84	179.14	60.25	33.79	234.87	198.42
Other	75.01	40.12	171.20	167.03	22.17	26.83	216.99	192.46
Suburbs	152.67	26.42	176.25	172.01	101.07	22.80	231.92	198.30
Urban	79.90	21.34	180.38	175.50	80.79	21.49	232.94	198.16
Rural	72.77	35.76	171.93	168.34	20.28	30.12	227.97	198.84
Nonmetropolitan	327.25	54.14	167.84	165.55	63.18	34.53	206.32	191.62
Urban	89.03	44.95	167.95	165.59	23.61	28.94	205.67	190.27
Rural	238.22	58.71	167.83	165.56	39.57	39.06	206.70	192.42

APPENDIX H. STATES RANKED BY PERCENT POOR, 1975-76

	Title I Dollars Per Pupil Received From LEA Grants	Total Title I Dollars Per Pupil	Percent Difference
Mississippi	79	84	6.3
New Mexico	45	58	28.8
Louisiana	58	63	8.6
Arkansas	55	63	14.5
Georgia	43	45	4.7
Kentucky	47	49	4.3
South Carolina	51	55	7.8
Alabama	56	58	3.5
Tennessee	43	46	7.0
Texas	36	46	27.8
West Virginia	43	46	7.0
North Carolina	42	47	11.9
Florida	32	43	34.4
Arizona	28	34	21.4
Oklahoma	33	37	12.1
Vermont	28	44	57.1
South Dakota	37	41	10.8
District of Columbia	83	98	18.1
Missouri	31	34	9.6
Maine	25	31	24.0
Montana	28	39	39.3
North Dakota	34	44	29.4
Illinois	37	41	10.8
Virginia	34	38	11.8
California	30	35	16.7
Idaho	20	31	5.5
Pennsylvania	37	41	10.8
Nebraska	27	30	11.1
Ohio	22	26	18.2
New York	53	59	11.3
Colorado	25	32	28.0

APPENDIX H. (Continued)

	Title I Dollars Per Pupil Received From LEA Grants	Total Title I Dollars Per Pupil	Percent Difference
Michigan	33	40	21.2
Oregon	24	40	37.9
Nevada	15	18	20.0
Rhode Island	38	43	13.2
Wyoming	25	37	48.0
Washington	25	33	32.0
Utah	17	21	23.5
Minnesota	28	33	17.9
Delaware	33	45	36.3
New Jersey	34	41	20.6
Indiana	19	22	15.8
Kansas	27	32	18.5
Hawaii	30	33	10.0
Iowa	25	27	8.0
New Hampshire	16	21	31.2
Maryland	32	36	12.5
Wisconsin	28	35	25.0
Massachusetts	25	31	24.0
Connecticut	25	30	20.0
Alaska	38	63	65.8

APPENDIX I. EFFECTS OF OMITTING AFDC COUNTS FROM FORMULA
($ in millions)

	Current Allocation	Omitting AFDC	Difference
NORTHEAST	378.87	337.80	41.07
New England	67.17	64.09	3.08
Maine	6.53	6.86	-0.33
New Hampshire	2.80	2.92	-0.12
Vermont	3.05	3.01	0.04
Massachusetts	32.13	29.81	2.32
Rhode Island	6.55	6.48	0.07
Connecticut	16.11	15.01	1.10
Middle Atlantic	311.70	273.71	37.99
New York	180.52	150.78	29.74
New Jersey	47.98	43.60	4.38
Pennsylvania	83.20	79.33	3.87
SOUTH	660.53	717.35	-56.82
South Atlantic	295.67	320.34	-24.67
Delaware	4.33	4.57	-0.24
Maryland	29.46	31.90	-2.44
District of Columbia	10.27	10.11	0.16
West Virginia	17.69	19.27	-1.58
Virginia	39.98	43.47	-3.49
North Carolina	51.89	56.46	-4.57
South Carolina	34.00	37.01	-3.01
Georgia	48.42	52.67	-4.25
Florida	59.63	64.88	-5.25
East South-Central	162.87	177.26	-14.39
Kentucky	34.71	37.76	-3.05
Tennessee	40.50	44.12	-3.62
Alabama	44.79	48.75	-3.96
Mississippi	42.87	46.63	-3.76
West South-Central	201.99	219.75	-17.76
Arkansas	25.47	27.71	-2.24
Louisiana	51.29	55.77	-4.48
Oklahoma	20.30	22.04	-1.74
Texas	104.93	114.23	-9.30

	Current Allocation	Omitting AFDC	Difference
NORTH-CENTRAL	367.42	352.64	14.78
East North-Central	262.41	242.66	19.75
Ohio	51.11	54.63	-3.52
Michigan	72.39	58.51	13.88
Indiana	22.64	24.21	-1.57
Illinois	89.12	79.45	9.67
Wisconsin	27.15	25.86	1.29
West North-Central	105.01	109.98	-4.97
Minnesota	26.29	26.36	-0.07
Iowa	15.25	15.40	-0.15
Missouri	30.69	33.33	-2.64
North Dakota	4.66	4.95	-0.29
South Dakota	5.79	6.21	-0.42
Nebraska	9.10	9.79	-0.69
Kansas	13.23	13.94	-0.71
WEST	246.67	245.70	0.91
Mountain	63.19	67.86	-4.67
Montana	5.25	5.71	-0.46
Idaho	4.08	4.32	-0.24
Wyoming	2.21	2.41	-0.20
Colorado	14.88	15.82	-0.94
Utah	5.57	5.69	-0.12
New Mexico	13.39	14.55	-1.16
Arizona	15.72	17.09	-1.37
Nevada	2.09	2.27	-0.18
Pacific	183.48	177.84	5.64
California	139.88	136.46	3.42
Oregon	14.71	14.11	0.60
Washington	20.07	19.32	0.75
Alaska	3.42	3.47	-0.05
Hawaii	5.40	4.48	0.92

APPENDIX J. EFFECTS OF FULLY WEIGHTING AFDC ABOVE POVERTY

	AFDC Full Weight	Current	Difference
NORTHEAST	397.04	378.87	18.17
New England	68.54	67.17	1.37
Mid Atlantic	328.50	311.70	16.80
NORTH-CENTRAL	373.95	367.42	6.53
East North-Central	271.10	262.41	8.69
West North-Central	102.85	105.01	-2.16
SOUTH	640.43	660.53	-25.10
South Atlantic	284.77	295.67	-10.90
East South-Central	156.53	162.87	-6.34
West South-Central	194.13	201.99	-7.86
WEST	247.07	251.67	0.40
Mountain	61.11	68.19	-2.08
Pacific	185.96	183.48	2.48

NORTHEAST			
New England			
Maine	6.38	6.53	-0.15
New Hampshire	2.76	2.80	-0.04
Vermont	3.07	3.05	0.02
Massachusetts	33.15	32.13	1.02
Rhode Island	6.59	6.55	0.04
Connecticut	16.59	16.11	0.48
	68.54	67.17	1.37
Mid Atlantic			
New York	193.60	180.52	13.14
New Jersey	49.90	47.98	1.92
Pennsylvania	84.94	83.20	1.74
	328.50	311.70	16.80
Total Northeast	397.04	378.87	18.17

APPENDIX J. (Continued)

	AFDC Full Weight	Current	Difference
NORTH-CENTRAL			
East North-Central			
Ohio	49.55	51.11	-1.56
Michigan	78.50	72.39	6.11
Indiana	21.95	22.64	-0.69
Illinois	93.38	89.12	4.26
Wisconsin	27.72	27.15	0.57
	271.10	262.41	8.69
West North-Central			
Minnesota	26.26	26.29	-0.03
Iowa	15.18	15.25	-0.07
Missouri	29.53	30.69	-1.16
North Dakota	4.54	4.66	-0.12
South Dakota	5.61	5.79	-0.18
Nebraska	8.80	9.10	-0.30
Kansas	12.93	13.23	-0.30
	102.85	105.01	-2.16
Total North-Central	373.95	367.42	6.53
SOUTH			
South Atlantic			
Delaware	4.21	4.33	-0.12
Maryland	28.40	29.46	-1.06
District of Columbia	10.34	10.27	0.07
West Virginia	17.00	17.69	-0.69
Virginia	38.45	39.98	-1.53
North Carolina	49.86	51.89	-2.03
South Carolina	32.67	34.00	-1.33
Georgia	46.54	48.42	-1.88
Florida	57.30	59.63	-2.33
	284.77	295.67	-10.90
East South-Central			
Kentucky	33.37	34.71	-1.34
Tennessee	38.92	40.50	-1.58
Alabama	43.04	44.79	-1.75
Mississippi	41.20	42.87	-1.67
	156.53	162.87	-6.34

APPENDIX J. (Continued)

	AFDC Full Weight	Current	Difference
West South-Central			
Arkansas	24.47	25.47	-1.00
Louisiana	49.29	51.29	-2.00
Oklahoma	19.54	20.30	-0.76
Texas	100.83	104.93	-4.10
	194.13	201.99	-7.86
Total South	635.43	660.53	-25.10
WEST			
Mountain			
Montana	5.05	5.25	-0.20
Idaho	3.97	4.08	-0.11
Wyoming	2.12	2.21	-0.09
Colorado	14.47	14.88	-0.41
Utah	5.52	5.57	-0.05
New Mexico	12.87	13.39	-0.52
Arizona	15.10	15.72	-0.62
Nevada	2.01	2.09	-0.08
	61.11	68.19	-2.08
Pacific			
California	141.39	139.88	1.51
Oregon	14.98	14.71	0.27
Washington	20.40	20.07	0.33
Alaska	3.39	3.42	-0.03
Hawaii	5.80	5.40	0.40
	185.96	183.48	2.48
Total West	247.07	251.67	0.40

APPENDIX K. STATE-BY-STATE COMPARISON OF CURRENT COST FACTOR WITH UNIFORM COST FACTOR

($ in millions)

	Current Cost Factor	Uniform Cost Factor	Difference
NORTHEAST	378.87	311.60	67.27
New England	67.17	60.11	7.06
Maine	6.53	7.65	-1.12
New Hampshire	2.80	3.12	-0.32
Vermont	3.05	2.96	0.09
Massachusetts	32.13	27.81	4.32
Rhode Island	6.55	5.44	1.11
Connecticut	16.11	13.13	2.98
Middle Atlantic	311.70	251.49	60.21
New York	180.52	142.93	37.59
New Jersey	47.98	37.97	10.01
Pennsylvania	83.20	70.59	12.61
SOUTH	660.53	752.02	-91.49
South Atlantic	295.67	318.97	-23.30
Delaware	4.33	3.63	0.70
Maryland	29.46	24.07	5.39
District of Columbia	10.27	8.13	2.14
West Virginia	17.69	21.04	-3.35
Virginia	39.98	43.28	-3.30
North Carolina	51.89	61.63	-9.74
South Carolina	34.00	40.40	-6.40
Georgia	48.42	57.49	-9.07
Florida	59.63	59.30	0.33
East South-Central	162.87	193.51	-30.64
Kentucky	34.71	41.25	-6.54
Tennessee	40.50	48.16	-7.66
Alabama	44.79	53.21	-8.42
Mississippi	42.67	50.89	-8.02
West South-Central	201.99	239.54	-37.55
Arkansas	25.47	30.25	-4.78
Louisiana	51.29	60.47	-9.18
Oklahoma	20.30	24.13	-3.83
Texas	104.93	124.69	-19.76
NORTH-CENTRAL	367.42	347.41	20.01
East North-Central	262.41	240.48	21.93
Ohio	51.11	56.17	-5.06
Michigan	72.39	60.62	11.77
Indiana	22.64	25.56	-2.92
Illinois	89.12	73.62	15.50
Wisconsin	27.15	24.51	2.64
West North-Central	105.01	106.93	-1.92
Minnesota	26.29	21.79	4.50
Iowa	15.25	15.57	-0.32
Missouri	30.69	34.55	-3.86
North Dakota	4.66	5.52	-0.86
South Dakota	5.79	6.87	-1.08
Nebraska	9.10	9.26	-0.16
Kansas	13.23	13.37	-0.14
WEST	246.67	242.45	4.22
Mountain	63.19	67.96	-4.77
Montana	5.25	5.01	0.24
Idaho	4.08	4.84	-0.76
Wyoming	2.21	2.02	0.19
Colorado	14.88	14.79	0.09
Utah	5.57	6.62	-1.05
New Mexico	13.39	15.77	-2.38
Arizona	15.72	16.67	-0.95
Nevada	2.09	2.24	-0.15
Pacific	183.48	174.49	8.99
California	139.88	135.48	4.40
Oregon	14.71	12.67	2.04
Washington	20.07	18.63	1.44
Alaska	3.42	2.69	0.73
Hawaii	5.40	5.02	0.38

APPENDIX L. STATE-BY-STATE COMPARISON OF CURRENT COST FACTOR WITH UNLIMITED COST FACTOR

($ in millions)

	Current Cost Factor	Unlimited Cost Factor	Difference
NORTHEAST	78.87	452.69	-73.82
New England	67.17	65.95	1.22
Maine	6.53	6.41	0.12
New Hampshire	2.80	2.76	0.04
Vermont	3.05	3.00	0.05
Massachusetts	32.13	31.54	0.59
Rhode Island	6.55	6.44	0.11
Connecticut	16.11	15.81	0.30
Middle Atlantic	311.70	386.74	-75.04
New York	180.52	252.89	-72.37
New Jersey	47.98	52.10	-4.12
Pennsylvania	83.20	81.74	1.46
NORTH-CENTRAL	367.41	360.39	7.02
East North-Central	262.41	257.54	4.87
Ohio	51.11	50.18	0.93
Michigan	72.39	71.00	1.39
Indiana	22.64	22.23	0.31
Illinois	89.12	87.45	1.67
Wisconsin	27.15	26.67	0.48
West North-Central	105.01	102.85	2.16
Minnesota	26.29	25.82	0.47
Iowa	15.25	14.96	0.29
Missouri	30.69	30.15	0.54
North Dakota	4.66	4.53	0.13
South Dakota	5.79	5.45	0.34
Nebraska	9.10	8.94	0.16
Kansas	13.23	13.00	0.23
SOUTH	660.50	597.26	63.24
South Atlantic	295.66	281.84	13.82
Delaware	4.33	4.24	0.09
Maryland	29.46	28.95	0.51
District of Columbia	10.26	10.72	-0.46
West Virginia	17.68	16.33	1.35

PPENDIX L. (Continued)

	Current Cost Factor	Unlimited Cost Factor	Difference
Virginia	39.98	39.28	0.70
North Carolina	51.89	49.38	2.51
South Carolina	34.00	30.34	3.66
Georgia	48.42	44.06	4.36
Florida	59.63	58.54	1.09
East South-Central	162.87	129.18	33.69
Kentucky	34.21	26.76	5.45
Tennessee	40.50	35.59	4.91
Alabama	44.79	36.09	8.71
Mississippi	42.87	30.73	12.14
West South-Central	201.98	186.23	15.75
Arkansas	25.47	19.39	6.08
Louisiana	51.29	50.31	0.98
Oklahoma	20.30	18.49	1.81
Texas	104.92	98.03	6.89
EST	246.66	243.13	3.53
Mountain	63.19	61.41	1.78
Montana	5.25	5.15	0.10
Idaho	4.08	3.69	0.39
Wyoming	2.21	2.17	0.04
Colorado	14.88	14.62	0.26
Utah	5.56	5.17	0.39
New Mexico	13.39	13.13	0.26
Arizona	15.72	15.42	0.30
Nevada	2.09	2.06	0.03
Pacific	183.48	181.72	1.76
California	139.88	137.34	2.54
Oregon	14.71	14.45	0.26
Washington	20.07	19.69	0.38
Alaska	3.42	4.94	-1.52
Hawaii	5.40	5.29	0.11

APPENDIX M. PERCENT OF POOR CHILDREN, AT THREE SCALINGS OF ORSHANSKY FORMULA, BY PLACE TYPE AND REGION

	NORTHEAST			NORTH-CENTRAL			SOUTH			WEST		
	Current	125%	150%	Current	125%	150%	Current	125%	150%	Current	125%	150%
Central city	8.7	8.7	8.5	7.8	7.6	7.6	13.1	12.7	12.0	4.6	4.5	4.6
Large	6.8	6.8	6.5	5.9	5.6	5.5	7.4	7.2	6.9	3.3	3.2	3.2
Other	1.9	1.9	2.0	1.9	2.0	2.1	5.7	5.5	5.1	1.3	1.3	1.4
Suburban	5.2	5.8	6.5	4.6	5.0	5.7	11.2	11.4	11.5	5.7	5.8	6.0
Urban	3.8	4.1	4.6	2.9	3.1	3.5	5.7	6.0	6.1	4.5	4.6	4.8
Rural	1.4	1.7	1.9	1.7	1.9	2.2	5.5	5.4	5.4	1.2	1.2	1.2
Nonmetropolitan	2.3	2.7	3.1	7.6	8.3	8.9	25.2	23.4	21.5	4.0	4.1	4.1
Urban	0.8	0.8	1.0	2.1	2.4	2.6	6.8	6.5	6.1	1.5	1.6	1.6
Rural	1.5	1.9	2.1	5.5	5.9	6.3	18.4	16.9	15.4	2.5	2.5	2.5
Total	16.2	17.2	18.1	20.0	20.9	22.2	49.5	47.5	45.0	14.3	14.4	14.7

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Appendix 4

Using Achievement Test Scores To Allocate Title I Funds

A Report From the National Institute of Education

The National
Institute of
Education
U.S. Department of
Health, Education and Welfare
Washington, D.C. 20208

USING ACHIEVEMENT TEST SCORES TO ALLOCATE TITLE I FUNDS

September 30, 1977

The National Institute of Education
U.S. Department of Health, Education, and Welfare
Washington, D.C. 20208

PREFACE

The Compensatory Education Study on which this report is based was requested by Congress in the 1974 Elementary and Secondary Education Amendments. The 1974 Amendments emphasize the direct responsibility of the National Institute of Education (NIE) to the Congress. The study began in February of 1975 only after Congress had reviewed an official research plan submitted by NIE; it was funded with $15 million specially set aside from the Title I program appropriation. Results of the study will be reported directly to the President and to the Congress.

This direct responsibility to Congress led NIE to ensure that the study could be planned and integrated within the Institute. A special staff was established to conduct the study, and it was placed in NIE's Educational Equity Group. That staff has planned and closely managed the research on which this report is based and the 35 research projects that make up the whole Compensatory Education Study.

This report was written by Margot Nyitray, based on data and analysis from several sources. CEMREL, Inc., provided material that was used throughout the report. In addition, William Schmidt of Michigan State University provided some of the data analyses in Chapter III. NIE staff members, principally Margoy Nyitray, Paul Hill, and Iris Rotberg, integrated the information received from various sources; they are responsible for the conclusions presented here.

Special recognition is due James Harvey and Alison Wolf of NIE for their contributions to the integration and clarity of this report. Catherine Blacknall, Evangeline Ring, Janice Gallop, and Joyce Harris also provided clerical and management support while the report was being written.

The report reflects the work of several people outside NIE. David Wiley directed the CEMREL project; Annegret Harnischfeger, Eleanor Woods, and Edward Haertel also made major contributions to the research. E. W. Kelley of Cornell University provided helpful advice to NIE at several stages in the research. The staff of Biospherics Incorporated worked under immense pressure to prepare the manuscript and produce printed copies on schedule.

Chairman Owen Peagler of the National Advisory Council on the Education of Disadvantaged Children and the members and staff were generous with their time in advising on the execution of the study, as were a great number of educational agencies and associations at the Federal, state, and local levels. The staff of the U.S. Office of Education's Division for the Education of the Disadvantaged has been unfailingly open and helpful throughout the study.

Members of the NIE staff too numerous to mention have offered expert advice on research and helped select contractors. Special thanks are due Patricia Graham, Michael Timpane, Carlyle Maw, and Vera Brown for their suggestions and contributions to the study and this report.

Paul Hill, Director
NIE Compensatory Education Study

Iris Rotberg, Associate Director
NIE Compensatory Education Study

SUMMARY

In enacting Title I of the Elementary and Secondary Education Act in 1965, Congress clearly intended to distribute Federal assistance to school districts in relation to their numbers of low-income children. Since 1965, however, Congress has considered reformulating its funding objectives to allocate funds on the basis of low achievement instead of poverty. In 1974 Congress decided to continue to allocate Title I funds on the basis of numbers of low-income children, while instructing the National Institute of Education (NIE), as part of the Compensatory Education Study, to explore alternative methods for funds allocation.

The purpose of this report is to describe the implications of using achievement test scores to allocate Title I funds to States and school districts. The companion study, reported in another volume in this series, describes the effects of demonstration projects in 13 school districts, some of which are using student achievement measures to identify schools and students to be served by their Title I programs.

This report explores the implications of achievement-based funding in three ways: first, it identifies testing issues which must be resolved before achievement data can be used to allocate funds; second, it discusses the procedures and costs associated with obtaining student achievement data to allocate funds to States and school districts; and third, it analyzes the changes in funding patterns likely to result.

The issues which must be resolved before achievement-based funding can be implemented include the following:

- How to define low achievement for the purpose of funds allocation-- To identify low-achieving children, it is necessary to specify the skills on which to assess performance and to establish either absolute or relative standards which distinguish low achievers from others.

- Whom to test in order to establish counts of low-achieving children-- To count low-achieving children it is necessary either to test the performance of all children or to specify a subgroup whose performance will be taken to reflect that of all children.

- How to guarantee the accuracy of the data used for funds allocation-- The data must be technically accurate and collected in such a way that potential beneficiaries cannot manipulate the results. Some decisions must therefore be made to establish guarantees of the accuracy of the counts of low-achieving children on which funding will be based.

Based on a review of existing data from national and state testing programs, NIE concluded that there is now no adequate source, or combination of sources, of achievement data to allocate Title I funds among the 50 States or within all States to school districts. Neither the available national tests nor the aggregation of existing state tests is sufficient to implement an achievement-based funds allocation system. However, a national testing program to provide such data could be designed and put into effect.

NIE examined the procedures and costs required to implement a national testing system to obtain test data for use in allocating funds to States and school districts. A national testing system could be used to provide state-level achievement eligibility estimates only, leaving within-state allocations to be based on the State's own test data. Or it could be used to provide direct estimates of districts' achievement and eligibility for funds.

In order to describe the activities and costs required to implement a national testing program, NIE made certain assumptions about the subject matter to be tested, the age of the test population, and the frequency of testing. The first assumption is that testing would be restricted to the area of reading. Second, 9-year-olds were chosen as the test population; and third, it was assumed that results would be reported every 3 years.

Based on these assumptions, NIE estimated that a national testing system to produce state-level estimates of low achievers (leaving within-state allocations to be based on States' own test data) would cost approximately $7.2 million over a 3-year period. However, before state test data could be used for allocations among their districts, regulations and guidelines in a number of areas would have to be established. Forty-two States and the District of Columbia currently have some form of a testing program, but to meet requirements for the use of test data from these programs for funds allocation, modifications that would significantly increase the States' costs would have to be made. The other eight States would need to establish a testing program.

A national testing system to obtain achievement data for funds allocation directly to each school district in the country would cost a minimum of $53 million over a 3-year period.

NIE's research concluded that a change from poverty to achievement eligibility criteria appears likely to have a significant effect on Title I funding for many States, but would not affect the relative amount of money received by each of the four census regions.

National averages cannot be used to predict funding gains or losses with any degree of accuracy for individual school districts. There are average funding shifts in one direction or another, depending on location or demographic composition. However, these shifts typically are accompanied by a large variation in the national average.

This variation occurs for two reasons. First, there are real differences in the patterns of change that would occur in different States. Funding consequences for similar types of districts vary from State to State, even within the same regions. Second, the achievement data needed to make more precise estimates are not available. A system to obtain such data could be implemented within 3 years, but until the necessary data are obtained, no more precise assessment of how achievement-based funding would affect particular places is possible.

THE NIE COMPENSATORY EDUCATION STUDY

REQUEST FOR THE STUDY

The Education Amendments of 1974 (Public Law 93-380), the major education legislation of the 93d Congress, extended and changed the Elementary and Secondary Education Act (ESEA) of 1965 and extended other Federal education programs including the Education of the Handicapped Act and the Adult Education Act, as well as the impact aid, Indian education, and emergency school aid programs.

The law also directed various Federal agencies to conduct studies and surveys so that Congress might have the benefit of more up-to-date and accurate information during its future consideration of legislation to assist elementary and secondary education. Among these directives is Section 821 of the Education Amendments, which instructs the National Institute of Education (NIE) to conduct a study of compensatory education, including compensatory programs financed by States and those funded under authority of ESEA Title I.

Compensatory education includes a number of Federal and state programs in addition to ESEA Title I. The relative size, scope, and long history of Title I mark it as the most important of the compensatory education programs. In order to ensure adequate depth and scope for the study, NIE chose to focus most of its attention on Title I. In 1977, that title, the largest Federal education effort at the elementary and secondary level, provided over $2 billion, most of which was used to improve educational programs for low-achieving students in school districts serving children from low-income families.

Specifically, Section 821 instructs the Institute to conduct a study incorporating:

- An examination of the fundamental purposes and effectiveness of compensatory education programs

- An analysis of the ways of identifying children in greatest need of compensatory education

- An exploration of alternative ways of meeting disadvantaged children's needs, including the use of written educational plans

- An examination of the feasibility, cost, and consequences of alternative ways of distributing Federal compensatory education funds

- Not more than 20 experimental programs for the purpose of examining the issues above

The relevant sections of the 1974 statute authorizing the study are reproduced in Appendix A.

Section 821 also directs the Presidentially appointed National Advisory Council on the Education of Disadvantaged Children to advise the Institute on the design and execution of the study.

Finally, the law, as amended by Public Law 94-482, requires NIE to submit interim reports to the President and Congress on December 31, 1976, and on September 30, 1977, and to submit a final report in September 1978.

LEGISLATIVE BACKGROUND

The breadth of the examination of compensatory education requested of NIE, ranging from the allocation of funds to specific instructional approaches, reflects a number of concerns which figured prominently during the 1974 Congressional consideration of the extension of ESEA Title I. Among the concerns at issue were:

- The effects of altering the definition of poverty used in the Title I allocation formula
- The feasibility of using measures of student achievement rather than numbers of low-income children in the formula
- The possibility of requiring individualized programs of instruction for each student participating in a Title I program
- The merits of requiring school districts to spend as much as 85% of their Title I grants on basic skills instruction in reading and mathematics
- The relatively narrow focus of most prior efforts to evaluate the effectiveness of Title I

RESEARCH STRATEGY

Like the provisions which authorized the study, therefore, NIE's evaluation adopted a wide focus during its examination of compensatory education. Essentially, the Institute has interpreted the provisions of Section 821 as constituting two major requests from Congress. The first requires an assessment of the effectiveness of compensatory education programs in meeting their fundamental purposes; the second requires an examination of several alternatives which might improve the effectiveness of compensatory education programs.

In response to these requests, NIE developed a strategy designed to produce a complete understanding of how the Title I program operates in practice as well as how it might change if any of several alternatives were adopted. The strategy involved the examination of four major areas:

- Funds allocation
- Service delivery
- Student development
- Program administration

The study defined the first three of these areas as the "fundamental purposes" of Title I. The fourth was examined in order to determine how the administrative structure required to implement such a large education program promotes the achievement of the program's purposes as well as how program administration might be improved.

FUNDAMENTAL PURPOSES

To examine the fundamental purposes of compensatory education programs, it is necessary to distinguish the broad philosophical concerns that may have motivated the program's originators from the more concrete operational purposes that are built into the program.

The originators of compensatory education efforts, such as Title I, may have had in mind some very general objectives, including helping to eliminate poverty, contributing to the redistribution of wealth and opportunity, reforming education, and symbolizing society's commitment to helping the disadvantaged. Although it is possible to speculate about what their motivations might have been, the debates, statutes, and official legislative reports that established the program contain a specific set of fundamental purposes, which were described in some detail in the Institute's December 1976 publication, Evaluating Compensatory Education: An Interim Report on the NIE Compensatory Education Study. These purposes, clearly discernible in the statute and accompanying formal Congressional statements, are:

(1) To provide financial assistance to school districts in relation to their numbers of low-income children and within those districts to the schools with the greatest numbers of low-income students

(2) To fund special services for low-achieving children in the poorest schools

(3) To contribute to the cognitive, emotional, social, or physical development of participating students

These three goals of Title I are consistent with one another, but each is not equally important to all Members of Congress. Congressional debates, and even the language of different parts of committee and conference reports, suggest that Members of Congress differ among themselves about the relative importance of the respective purposes. Some Congressional statements imply that the purposes form a hierarchy in which Title I delivers funds and provides services only to increase children's academic achievement (thus making the third the most important). Other statements, however, make it clear that the allocation of funds and delivery of services are important ends in themselves and may, in fact, define the practical limits of Federal action to promote the development of children.

STRATEGY FOR ASSESSING COMPENSATORY EDUCATION

The evaluation of Title I must start from the recognition that the program has several goals, and to focus exclusively on one, improperly ignores the others. Evaluation must also acknowledge that Title I operates through the Federal system and that state and local governments determine what it will be in practice. Although there is only one Federal Title I program, i.e., only one basic framework of laws and policies, it operates differently in every State, in 14,000 school districts, and in countless classrooms. Thus, to understand and evaluate Title I it is necessary to consider the ways in which Federal policy interacts with the actions of States and local educational agencies (LEAs) that actually implement the program.

The early national evaluations of Title I considered only the third goal--contributing to children's development--and often rendered judgments on the efficacy of the program without accounting for the diverse ways in which LEAs had implemented it. Those evaluations overlooked some important truths about Title I: it has several objectives, and under it LEAs deliver a range of services with a variety of aims and emphases to a diverse set of beneficiaries. In contrast to earlier evaluations, therefore, NIE's strategy is designed to (1) provide clear information about what Title I is accomplishing toward achievement of each fundamental purpose and (2) examine the implications of alternative ways of organizing the efforts of the Federal, state, and local governments to achieve these purposes.

THE REPORT

This volume is one of several intended to comply with the statutory requirement that a second interim report be completed not later than September 30, 1977. It presents NIE's findings on the feasibility, costs, and consequences of using counts of low-achieving children in allocating Title I funds to States and school districts. The report describes how the NIE Compensatory Education Study formulated the research issues, and it gives findings and conclusions on the use of test scores for funds allocation. Five additional reports are being published on the following topics:

- The services provided by Title I and other compensatory education programs
- The effects of using counts of low-income children in allocating funds
- The effects of using student achievement to allocate funds within school districts
- Student development in compensatory programs
- Administration of compensatory education

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CHAPTER I. ACHIEVEMENT TEST SCORES AS AN ALTERNATIVE FOR TITLE I FUNDS ALLOCATION

INTRODUCTION

In enacting Title I of the Elementary and Secondary Education Act in 1965, Congress clearly intended to distribute Federal assistance to school districts in relation to their numbers of low-income children. While the objective of providing assistance to districts serving areas with concentrations of poor children remains a part of Title I, since 1965 Congress has also considered formulating its objectives to allocate funds on the basis of numbers of low-achieving, not low-income, children.

Prior to passage of the Education Amendments of 1974, there was intensive discussion in Congress about the desirability and consequences of this alternative. Among the specific proposals for legislative changes in the 93d Congress was H.R. 5163, sponsored by Representative Albert Quie of Minnesota, a bill that would have required that Title I allocations to States, local educational agencies (LEAs), and schools be based on the number of low-achieving students as defined by test results in reading and mathematics.

To advocates of achievement-based funding, the appropriate way to distribute Federal compensatory education funds is on the basis of children's educational performance. Since the ultimate aim of compensatory education is to increase children's achievement, they argue that the best formula for distributing funds must be one which targets money directly to the children whose academic performance is low. Supporters of achievement-based funding regard poverty measures as proxies for low achievement; hence, they argue that these measures do not efficiently identify low-achieving children. They favor using numbers of low-achieving children to distribute Title I funds, instead of numbers of children in poverty.

This view is a contrast to the opinions of those who favor the use of a poverty criterion. This group does not see poverty measures solely as proxies for a measure of low achievement, nor do they believe that using poverty as the Title I eligibility criterion must be justified in terms of its ability to identify the States, districts, or schools which contain the most low-achieving pupils. Some advocates of a poverty-based allocation formula believe that the major role of a compensatory education program is to channel additional resources into areas where there are poor children. Others believe that the purpose of compensatory education programs is to help low-achievers, but they argue that the low-achieving pupils in poor areas must be given priority.

The choice between achievement and poverty as the Title I eligibility criterion can be made only by Congress. It entails a fundamental decision about the objectives of the program--one only legislators have the authority to make. The research performed by the National Institute of Education (NIE) was designed to explore the implications of allocating Title I funds based upon achievement criteria and not to advocate one allocation criterion over another.

ORGANIZATION OF THIS REPORT

This report explores three of those implications. This chapter identifies central issues which must be resolved before any achievement-based funding system can be implemented. Chapter II discusses the procedures involved in calculating how many low-achieving children live within States and school districts and estimates the costs of those procedures. Chapter III presents an analysis of the likely changes in funding patterns that would result from a shift in the Title I eligibility criterion from poverty to achievement.

ISSUES CONCERNING THE DESIGN OF AN ACHIEVEMENT-BASED ALLOCATION SYSTEM

The issues which must be resolved before achievement-based funding can be implemented include:

- How to define low achievement for the purpose of funds allocation--To identify low-achieving children it is necessary to specify the skills on which to assess performance and to establish either absolute or relative standards which distinguish low achievers from others.

- Whom to test in order to establish counts of low-achieving children--To count low-achieving children it is necessary either to test the performance of all children or to specify a subgroup whose performance will be taken to reflect that of all children.

- How to guarantee the accuracy of the data used for funds allocation--The data on which a funds allocation system is based must be technically accurate and ensured against manipulation by potential beneficiaries. Some decisions must, therefore, be made about establishing guarantees of the accuracy of the counts of low-achieving children on which funding will be based.

Defining Low Achievement

In specifying a formula for Title I allocations based on students' achievement scores, a primary issue relates to how low achievement should be defined. This issue centers around two questions: which subject or subjects should be used in measuring achievement and what level of skills is indicative of low achievement.

Subject Area.--Achievement tests are typically developed for a specific skill area, not for achievement in general; and proposals for test-based Title I allocations have usually included several basic skills. In practice, the choice is probably limited to reading, or to reading and mathematics, the areas where most testing currently takes place. If both subjects were included in the testing, procedures would have to be developed to combine the scores in calculating eligibility, because students who are poor readers are not necessarily poor in mathematics.

Level of Achievement.--In calculating the number of eligibles from test data, the level of skill characterized as low achievement also has to be decided. The most significant recent legislative proposal for using achievement data in funds allocation

(H.R. 5163 in the 93d Congress) discussed this issue in terms of the use of norm-referenced versus criterion-referenced tests.

Norm-referenced tests are designed to indicate a student's performance in relationship to others, while criterion-referenced tests are designed to indicate whether a student has mastered a defined set of skills (Popham, 1976). In using test data for funds allocation, low achievement could be defined using an absolute standard based on criterion-referenced procedures or a relative standard based on norm-referenced procedures.

The first alternative--an absolute criterion for Title I achievement eligibility--would require that national standards for achievement be set, e.g., by defining the minimum skills required by society. Test developers and educators do not completely agree on the skills appropriate for particular age groups (Popp, 1977; Beck, 1977). Thus, setting absolute standards for low achievement would require creating a broad national consensus among the public and educators on an appropriate performance level for the children selected for Title I testing.[1] Even if a general goal could be agreed on (e.g., ability to read newspapers), there are no technical procedures for translating these general standards into test questions.[2]

The alternative to absolute standards is to use a norm-referenced procedure and define low achievement as a score below a certain percentile on the test. Thus, eligible students would be those doing more poorly than the average student at that age or grade. While the cutoff could be at any point below the 50th percentile (the average), the actual point selected is likely to have important consequences for the distribution of funds.[3]

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[1] The poverty standard used for current Title I eligibility rests on technical judgments of minimum nutritional needs. This standard is also difficult to define, though no more so than any educational standards which might be developed for achievement eligibility.

[2] Gene V. Glass (1977) has an excellent discussion of the lack of technical or statistical procedures for setting standards or for translating the standards, however they are set, into test items.

[3] The percentile used will also indicate the approximate percentage of children nationwide who will have scores below this. See Chapter III for further discussion of the impact of different achievement score cutoffs on funds distribution.

Whom To Test

In addition to specifying the subjects and standards to be used, an achievement-based formula must specify whose test scores should be used. The issues to be decided include whether to test all pupils or to sample them, and what age and/or grade level should be tested.

Sampling.—The decision on whether or not to sample would probably be easy to make. Testing on a census basis would be a very costly enterprise. By contrast, sampling techniques allow one to test a smaller group while producing adequate data on which to base eligibility estimates.

The size of the sample would determine the accuracy of the resulting estimates. The sampling error for the census poverty estimates currently used for Title I allocations is very small, because the census sample for income data is quite large. The choice of acceptable error ultimately depends on the costs, because increases in sample size will increase costs.

Age Range.—The present poverty-based Title I allocation system relies principally upon the number of 5- to 17-year-olds from low-income families. If an achievement allocation alternative were adopted, the current age range could also be used. However, since achievement is more directly related to schooling, and it would be difficult to obtain test scores for children not enrolled in school, two alternative definitions could be considered: all children in grades K-12, and all 5- to 17-year-olds in grades K-12. The National Center for Educational Statistics (NCES) currently collects only public school enrollment data annually for States and a sample of school districts. New data-collection efforts would therefore be necessary to collect nonpublic school enrollment data as well as enrollment figures for every school district.

Age or Grade Tested.—Once a population definition has been adopted, decisions also have to be made about whether to test the entire age/grade range in the population or to test only at one level. Obtaining test data for the entire age/grade range in the population would require separate tests for children at different levels and would entail very high costs.

The alternative is to test a single age or grade level and to use the data so obtained to estimate eligibility for the entire population. That is, the proportion of low achievers at one age/grade level would be multiplied by the total counts of children to obtain estimates of the total numbers of low achievers. Since test score distributions vary in different ages or grades, using the distribution from one age to represent the population will introduce inaccuracy in the estimates of total eligibles.[4] However, the complexity and costs of obtaining the test data would be greatly decreased.

If a decision is made to test at only one level, a choice must be made about when to test children in their school experience. Students' achievement test scores are affected both by their abilities and their educational experiences in and out of school. The later the tested age or grade, the more the resulting test score distributions will reflect not only pupil abilities and background, but also the extent to which districts have been effective in educating their students. Thus, testing a later age or grade may penalize districts which are especially successful in educating students whose initial achievement levels are low.[5] This could be avoided by testing younger students or those in early grades because test results would more nearly reflect the levels of skills pupils had upon entering school. However, the earliest age or grade at which testing for Title I eligibility could be advised is 7 years, or grade 2. Even at this level, test development and administration would be complicated by the lack of test-taking abilities of such young children.

Regardless of the decision about when to test children, differences in school entry policies also raise problems in deciding whether to select children for testing according to their age or grade level. This is important because States differ with respect to school entry age. For example, if first grade were selected, States and districts that enroll students at age 5 may appear to have more low achievers in first grade, simply because the children in first grade are younger than first graders where the entry age is 6 years old. On the other hand, if age is used, States and districts with higher entry ages will appear to have more low achievers.

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[4] Current census poverty data have comparable problems. Because many respondents do not provide complete income information, the census bureau must estimate their income from other sources. Census data are also affected by the fact that some sampled persons are missed; this is particularly true of the low-income population since their households frequently are difficult to locate.

[5] Current achievement score data indicate that extreme rural and inner-city pupils seem to fall behind in their achievement levels with increasing years of schooling (Harnischfeger et al., 1977). Thus, testing later ages or grades may favor rural and inner-city districts in the distribution of funds.

A further complication related to the grade-span issue is introduced if the test data is to be used for eligibility estimates for school districts as well as States. This is because not all school districts may have the age or grade level selected for testing. Approximately 5% of all public school districts (located in a small number of States) include only grades 7 to 12 or 9 to 12 (NCES, 1975). Separate testing or estimating procedures would be needed to produce achievement eligibility estimates for these districts if an early grade or age were selected as the preferred level for testing.

Students Excluded from Testing.--A final issue with regard to the test population concerns special groups of students who are typically not included in current testing programs. These include the mentally retarded, handicapped, non-English speakers, and students enrolled in special institutions.

Special tests and extra data collection efforts would be needed to include these students in the testing; these efforts would substantially increase the costs of any testing program. An alternative would be to develop specific definitions of the most severe handicaps and excuse children fitting the definitions from taking the test. Those students unable to take the test would then be counted automatically in the formula for allocating funds. To prevent abuse of these definitions, a maximum proportion to be excluded and thus counted as eligible could be set based on the national average of such children.

Absentees.—The situation with students who are absent on the day of testing is somewhat different. Absentees could not automatically be considered eligible, since high achievers might also be absent. Scheduling make-up tests for absentees seems an unreasonable effort and expense. One possibility would be to perform a special study to develop rules for estimating eligibility rates among absentees.

GUARANTEEING THE ACCURACY OF TEST RESULTS

A guarantee that the test results used for allocation accurately reflect the incidence of low achievement would be crucial to acceptance of an achievement-based system. Such a guarantee requires both that the data be up-to-date and that possible problems of negative incentives be avoided.

Timeliness of Data

One key concern about the income data used in the current Title I formula is the extent to which the counts of poor children are outdated. An achievement-based system could provide information more current than that available from the census, conducted only every 10 years. The extent to which achievement eligibility estimates would be current depends upon the frequency of testing. In selecting the interval between updates of Title I test data, the most important factors are the costs of collecting the data and the stability of test score distributions over time. If pupil achievement varies as much or more than poverty over time, frequent testing would be strongly justified. If student achievement measures exhibit a great deal of stability over time, the need for frequent testing would be reduced.

Available evidence suggests that achievement test scores fluctuate considerably and have followed a downward trend in the past decade (Harnischfeger and Wiley, 1975). This suggests that 2-, 3-, or 4-year intervals between tests would be reasonable. A decision among these three intervals is likely to depend on acceptable trade-offs between the timeliness of data and costs.

The Problem of Negative Incentives

When the use of test score results for funds allocation is discussed, the issue of possible negative incentives must be considered. In general, funds allocation systems do not provide an incentive for school districts or States to improve their educational services. Under the existing poverty-based scheme for allocating Title I funds, the performance of an educational system is not related to the level of funding it receives. Similarly, an achievement-based funding system would provide no positive incentive for better performance. Moreover, such a system could conceivably contain incentives for reduced performance on the part of schools and districts.

NIE's examination of the problem has led to the conclusion that an achievement-based funding system need not contain serious negative incentives. A combination of simple administrative arrangements could make it highly unlikely that any State or school district could manipulate its students' achievement test scores in order to increase its Title I funding.

One way to minimize the incentive for schools to depress students' performance in order to increase their Title I funding is to base funding decisions on the performance of students in the early grades. If very young students are tested, the effects of schooling are likely to have less of an effect on scores than if older students are tested. Thus, the negative incentive in which school systems that are the least successful receive more funds is partially avoided.

Additional measures would be necessary to guarantee that school districts do not manipulate their students' performance or report false results. There are at least four conceivable possibilities: (1) actual cheating in reporting test results; (2) influencing the performance of those taking the test; (3) manipulating the selection of the sample of children tested; and (4) miseducating students generally so they will perform poorly.

The first two possibilities are preventable by having trained, professional outside personnel administer and score the tests. Thus, district or state administrators could not report false numbers. If field staff who are not district or state employees administer the tests, they can also insure that test conditions are uniform and comparable. Test performance could not be affected by altering the amount of time, or providing less than adequate space, light, or other conditions.

Guarding against the third possibility would require strict monitoring of the rules to insure that students intended to be excluded from the testing program, e.g., non-English speaking students, did not in fact take the test and that absenteeism does not seriously distort the results.

Clear and uniform national definitions would have to be developed for identifying the handicapped or non-English speaking students to be excluded from testing. Special monitoring and auditing of district use of these definitions would be needed to prevent the possibility of inflating the number of these students (who are automatically counted as low-achieving).

Absenteeism would have to be carefully monitored for the same reasons. If special rules were devised to estimate the proportion of low achievers among the absentees (such as 40% of all absentees in urban districts counted as eligibles), then some means would be needed to prevent districts from encouraging absenteeism to inflate their eligibility counts. A maximum absentee rate could be established, beyond which all absent students would be considered to have passed the test.

The final possibility, miseducating students so that they perform poorly on the tests is implausible. It would mean either that districts deliberately miseducate a whole population in order to gain funds to improve the education of a segment of it, or that districts miseducate a segment of the population in order to get more funds to serve that same segment. Neither seems likely.

CHAPTER II. FEASIBILITY OF IMPLEMENTING ACHIEVEMENT-BASED ALLOCATIONS

Despite the widespread use of tests in American education, it is not at all apparent that adequate test data now exist to implement an achievement-based Title I funds allocation system. This chapter examines whether it is feasible, using existing test data, to allocate Title I funds on the basis of achievement criteria and, if not, the requirements for implementing such a system. In making this examination, existing data from national and statewide testing programs are reviewed. Based on the review, NIE concluded that no source or combination of sources of achievement data is presently adequate to allocate Title I funds among the 50 States, or within all States to school districts. The chapter describes the procedures and costs associated with implementing a program that would permit the Federal Government to allocate funds to States on the basis of achievement data, leaving state education agencies (SEAs) to select their own testing procedures to allocate funds to districts.

SYSTEMS FOR ACHIEVEMENT-BASED FUNDING

Data for achievement-based Title I funding could be obtained in several ways. One is a national testing program that would provide counts or estimates of the number of low achievers in each school district. These data could be used to calculate each district's allocation, and funds could be distributed directly from the Office of Education (OE) to the school districts.

A second approach would be a nationwide test to obtain estimates of the number of low-achieving students in each State. Funds could be distributed to the States, which could then use their own tests to allocate funds to districts.

A third approach would be to rely entirely on testing by individual States. The number of low achievers in each State could be established by a statewide test, and funds could be allocated to the respective States on the basis of their own test results.

Each State would allocate its funds on the basis of district-by-district counts from the same test.

Finally, funds could be allocated to States on the basis of poverty or some other criterion; achievement test scores would be used only for within-state allocation.

Another series of alternatives involves the use of data other than student achievement test results, such as poverty counts, to allocate funds to school districts, which would then be free to allocate funds among their schools according to counts of low-achieving students.

Present Feasibility

NIE's research indicates that at present achievement-based funding is not feasible to States or to districts. There is no national testing program that can now provide estimates of the number of low achievers, even at the state level. Moreover, although some States have testing data that could be used to allocate funds among their school districts, some do not have suitable data. Thus, a general change to achievement-based funding is not possible, even for within-state funding. The fact that some States have no statewide achievement data also means that Federal funds could not be allocated on the basis of the States' estimates of their numbers of low achievers.

Two limited systems of achievement-based funding are feasible. If funds were allocated to all States on the basis of poverty or other census-based figures, some States could distribute funds internally on the basis of achievement test results. States such as Michigan, California, and New York are using achievement data to allocate their own compensatory education funds. Presumably these States, and several others, could use the same data to allocate Title I funds. Such a limited system of achievement-based funding would be consistent with a proposal contained in a subcommittee draft of H.R. 69, the legislation that extended Title I in the 93d Congress.

Achievement-based funding within school districts is possible now. In a companion volume, NIE reports the effects of demonstration projects in 13 school districts, some of which are using student achievement measures to identify schools and students to be served by their Title I programs.[1]

The following section focuses on the lack of data suitable for a national system of allocating funds to all States or districts.

Inadequate National Data

The National Assessment of Educational Progress (NAEP) is the largest national testing program in operation. NAEP, funded by the Federal Government through the NCES, is designed to make available, at regular intervals, comprehensive information on the skills of young Americans. Tests in a variety of subject areas, including reading, mathematics, and writing, are given to nationally representative samples of 9- , 13- , and 17-year-olds, and to young adults. New results for any given subject are available every 4 years.

NAEP's testing program is not designed to produce state-by-state or district-by-district estimates of the number of low achievers. Instead, the sample was designed to provide estimates for the Nation and the four geographic regions as well as subgroups classified by sex, level of parental education, size and type of community, and race.

The NAEP results in their present form cannot be used to allocate Title I funds either to States or to school districts within States.

State-Level Data

Because a suitable national testing program for allocating funds to States or districts does not currently exist, NIE examined the possibility that existing state testing programs could be used both to determine States' overall allocations and to distribute funds within States.

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[1] For further information see Demonstration Studies of Funds Allocation Within Districts. Washington, D.C.: National Institute of Education, September 1977.

There are two major obstacles to this approach. Some States do not administer a testing program of any kind. Perhaps more intractable, data from existing state programs are extremely diverse because the tests vary considerably in nature and content. These variations could be reconciled by a special equating study,[2] but other differences in state testing programs make the results impossible to use for comparing the numbers of low-achieving students among States. Different States test different populations, sample in different ways, use different testing procedures, and test at different times of the year; none of these problems can be reconciled satisfactorily through statistical equating procedures. In fact, NIE's effort to assemble a nationwide file of achievement test data proved unsatisfactory even for making rough comparisons of the numbers of low achievers in different States. No available technical resource could resolve the immense differences among state testing programs. Therefore, it is extremely unlikely that state-administered tests could produce estimates accurate enough to allocate Title I funds among States.

Within-State Data

A more limited form of achievement-based funding would involve the use of poverty statistics for state allocations and achievement data from state assessments for district-level funding. This approach could not be adopted immediately by all States, since some States have no testing programs and some state assessment programs are not suitable for district-level allocations.

NIE's research indicates that, at most, 42 States and the District of Columbia have recent experience in collecting test data on a statewide basis.[3] Seven States have no testing programs of any kind, and an eighth has an assessment program but has collected no data since 1970.[4]

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[2] A technical equating study would, in practice, link all scores on state tests to a common scale, as done by the Anchor Test Study for well-known commercial tests.

[3] Many States collect data regularly but not annually; about 36 States collect data in any given school year.

[4] The seven States without a program are Colorado, Kansas, Nebraska, New Hampshire, Vermont, South Dakota, and Wyoming. Oklahoma has not collected data since 1970.

Moreover, not all States with testing programs can provide reliable district-by-district estimates. In some States, district participation in the program is voluntary; in others, very small numbers of pupils per grade are involved. At present, only 22 States and the District of Columbia have achievement test results from every school district in at least one grade or age level in the K-6 range, and only 6 States and the District of Columbia have collected comprehensive data for young children in kindergarten or first grade.

Clearly, no more than 22 States have suitable data to participate in a limited system of within-state allocation.

ESTABLISHMENT OF A NATIONAL TESTING SYSTEM

Because neither the available national tests nor an aggregation of existing state tests is adequate for implementation of an achievement-based funds allocation system, NIE examined the procedures that would be required to implement a testing system and the costs associated with it.

Although NAEP data cannot be used at present to calculate eligibility for Title I funds, the NAEP procedures provide a useful model for estimating activities and costs involved in creating a new national testing program suitable for use in Title I funds allocation.

A national testing system could be used to provide either direct estimates of districts' achievement and eligibility for funds or state-level estimates only, leaving within-state allocations to be based on the states' own test data. Both alternatives are feasible but the latter is considerably less expensive, and is, therefore, examined in greater detail.

Assumptions Underlying Estimates

To describe the activities and costs required for state-level eligibility estimates, NIE made certain assumptions about the subject matter to be tested, the age of the test population, and the frequency of testing.

The first assumption is that testing would be restricted to reading skills. Second, 9-year-olds were chosen as the test population because they comprise the youngest population that NAEP currently tests and for which NAEP experience could be used. Finally, it was assumed that a 3-year interval would be required before the first results could be reported: the 1st year would be devoted to designing the test and selecting the sample of students; the 2d, to administering the test; and the 3d, to reporting the results. If Congress decided that updating the achievement results every other year was desirable, new results could be available every 2 years because the 3d, or reporting, year of the first project could occur simultaneously with the 1st, or design, year of another.

Activities

The activities required to mount a national testing program fall into seven broad categories: setting objectives; developing a test; sample design; printing; collecting data; scoring and calculating eligibility; and reporting.[5] Figure 1 shows these activities phased over a 3-year cycle. The first two activities, setting objectives and test development, involve a series of conferences to establish guidelines for the Title I test and to write the test items. The third activity, sample design and selection, requires technical staff to develop a sampling design that will produce the required level of accuracy in the resulting eligibility estimates.[6]

Most of the cost and effort in a national testing program is involved in administering the test and collecting the data. Trained field staff would be responsible for scheduling, test administration, and initial scoring. To standardize test results, all testing would take place within a 6-week period at the beginning of the school year

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[5] A more complete description of these activities and the level of effort involved can be found in Appendix B.

[6] To produce sample size estimates for this model, an assumption was made that state-level eligibility estimates would be based on a sample design having the same characteristics as the current NAEP sampling design. Alternative assumptions might produce different and lower sample size estimates.

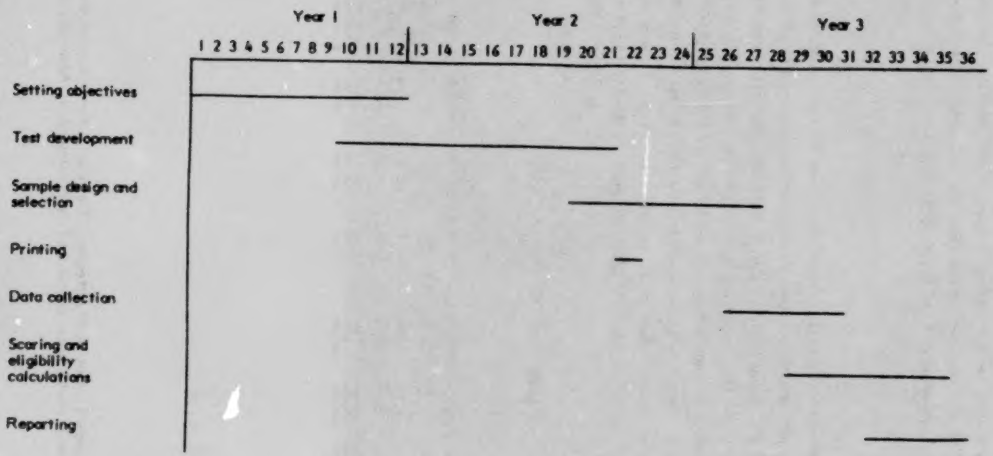

FIGURE I. SCHEDULE OF ACTIVITIES FOR A NATIONAL TESTING SYSTEM

(October-November), with each test period lasting 1 hour. The final activity is reporting; to ensure the integrity of a national testing program and public acceptance of its results, all aspects of the testing would have to be made public.

National Testing System Costs

Cost estimates for these seven activities were computed for seven common budgetary categories: personnel, travel, occupancy, communications, reproduction, data processing, and supplies and equipment. Table 1 lists the cost estimates by activity and budgetary category for the 3-year cycle.[7] The total cost for a 3-year project to produce Title I eligibility estimates for state allocation would be $7,183,000; this is a minimum for producing one set of state-by-state achievement estimates. If updated estimates were required every other year, testing projects would have to overlap and the average yearly cost would be $3,591,000, or one-half the total cost of a 3-year project.

TABLE 1. NATIONAL TESTING SYSTEM COSTS

	Personnel	Travel	Occupancy	Communications	Reproduction	Data Processing	Supplies and Equipment	Total
Setting objectives	$ 422,000	$ 73,000	$ 30,000	$ 10,000	$ 4,000	$ 30,000	$13,000	$ 582,000
Test development	543,000	99,000	39,000	14,000	7,000	60,000	17,000	779,000
Sample design and selection	408,000	7,000	31,000	10,000	4,000	72,000	15,000	547,000
Printing	16,000	2,000	1,000	1,000	100,000	3,000	1,000	124,000
Data collection	2,008,000	1,000,000	24,000	311,000	14,000	50,000	10,000	3,417,000
Scoring and eligibility calculation	652,000	12,000	56,000	10,000	4,000	785,000	27,000	1,546,000
Reporting	113,000	7,000	10,000	3,000	31,000	20,000	4,000	188,000
Total	$4,162,000	$1,200,000	$191,000	$359,000	$164,000	$1,020,000	$87,000	$7,183,000

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[7] Administrative costs are assumed under each category. Detailed information on the cost assumptions and the way costs were calculated is presented in Appendix B, Tables B-1 and B-2.

Nearly 70% of the total testing costs are incurred in data collection and data cessing. The costs of these two activities depend on sample size. This sample ign assumes testing as many as 250,000 students, which would provide a 10% cision level at the 95% confidence interval.

Three additional activities that would involve extra costs are not included in the ve estimates. First, to compute the total number of eligibles for each State, nts of all enrolled children would have to be collected. Second, costs would also be ociated with the increased monitoring and auditing required to ensure the reliability he results. Finally, startup costs were not included in the basic estimates; these expenses that diminish after one complete assessment cycle. These costs vary, ever, depending on the resources and experience of the institution carrying out the ject. For an experienced institution like NAEP, startup costs probably would be roximately 10% of the 3-year cost, so the first cycle would cost approximately $7.9 lion. A new or less experienced institution would incur higher startup costs.

t Estimates for Alternative Models

The basic cost estimates described above apply to a program that would produce e-level Title I achievement eligibility estimates based on a sample of 9-year-olds ed in reading. This section estimates costs for testing programs using alternative cedures.

Multiple Age/Grade Testing.--Testing younger children would require increased e and effort in a number of areas, including test development and data collection, would probably increase total costs by at least 10%. If several age groups were ed, the total sample size would not necessarily increase. However, several tests ld need to be developed, probably increasing costs by 20%.

Multiple Subject Areas.--Testing in more than one subject area would clearly ease costs for all tasks except sample design and student selection. Costs would ease by approximately 50% if the same student sample were tested in one itional subject area.

Change in Precision of Eligibility Estimates.--Changes in the precision of eligibility estimates require changes in sample size that would significantly affect the costs of data collection and data processing. Decreasing the sample size to produce estimates accurate within 20% would drop the total cost of the testing program to approximately $4.3 million for the first 3 years. Increasing precision to the 5% level would require a major increase in the sample size, and total costs would reach $16.5 million in the first 3 years.

District-Level Eligibility Estimates

Estimating eligibility rates for each school district in the country could require a sample size 11 times as large (2.7 million students) as that needed to provide state counts. Although such a project would have some economies of scale, the increases in data collection and processing costs would be very large. These increases are due to the need to sample some students in every district in the country. Total costs of such a program would be at least $53 million in the first 3 years. Even if the precision were decreased from 10% to 20%, total costs would still be at least $43 million.

USE OF STATE TEST DATA FOR WITHIN-STATE ALLOCATIONS

State testing data could be used for within-state allocation of funds in conjunction with a national test, such as that described above, which provides state-level eligibility estimates. Alternatively, the current poverty criteria could be used for allocations among States, and States could be given the option of using their own testing data to allocate Title I funds among their school districts. Because the 42 States that presently have achievement testing or assessment programs vary considerably in testing procedures, regulations and guidelines would have to be developed in a number of areas to ensure some similarity in eligibility definitions and procedures before state achievement data could be used for district allocations. These areas, which correspond to the general issues discussed in Chapter I, are outlined below.

Defining Low Achievement

Many state testing programs include mathematics, science, and social studies as well as reading. If state testing data were used for determining Title I allocations, provisions defining and limiting the number of tested skill areas would be needed. In addition, the permissible range of cutoffs for eligibility would have to be specified. If this was not done, one State could possibly set the cutoff so high that all its pupils would be eligible, while another State might set an extremely low cutoff and drastically reduce the number of eligible pupils. The resulting pattern of funds distribution to districts would, thus, be very different.

Whom to Test

Some uniform requirement on the age or grade range tested would be necessary. Though States could differ from one to another, each would have to apply uniform definitions among its school districts. Uniform rules and definitions also have to be established for special groups of students (such as mentally retarded and handicapped pupils and absentees) who are not tested. This is an aspect of eligibility assessment that could be heavily abused.

Accuracy of Test Results

To ensure the integrity of the data collection process and avoid manipulation of the results by those with a direct stake in the outcome, regulations on permissible variations in testing procedures (time of testing, physical environment, etc.) would have to be developed. In addition, specific criteria for test administrators would also have to be developed to guarantee the impartiality of those administering the test to students. Local teachers and administrators should not participate in test administration.

State Testing Costs

It is difficult to make precise estimates of the costs to the Federal and state governments of Federal regulations imposed on the use of state test data for district allocations. If the Federal Government required the States to make changes in their testing programs along the lines suggested above, some Federal financial assistance might be required. A major expansion of effort in the Federal administration of Title I would also be needed to ensure state conformity with Federal regulations about tested populations, testing procedures, and eligibility calculations.

For many States, compliance with the regulations would require major modifications in their current testing programs. Currently, most States hire special staff to test very small numbers of students, or test in every district, using district personnel and teachers to administer the tests. States would, therefore, need to increase the number of students tested or hire field staff to administer the tests; either of these changes is likely to significantly increase costs.

CHAPTER III. CONSEQUENCES OF USING ACHIEVEMENT CRITERIA TO ALLOCATE FUNDS

INTRODUCTION

As Chapter II made clear, there is no single integrated file of achievement test results that can be used to allocate Title I funds to every State and school district. As a result, NIE proposed in the research plan submitted to Congress in December 1975 to construct a file of available achievement test results with which to analyze the funding effects of a change to achievement criteria for Title I.[1]

NIE tried to construct this file using two different approaches. The first involved building a standard national file based on state testing data. NIE surveyed SEAs to learn about the availability of achievement test results. Based on the survey, all state files that possibly could be used to characterize achievement levels in entire States or in school districts within States were obtained. Several months were spent attempting to equate the various test results and to correct for variations caused because States test at different times of the year and employ different rules for selecting samples of students to be tested (Haertel et al., 1977).

The equated file that resulted from this process could not be used to provide reliable estimates of the patterns of Title I funding among States. However, separate files from several States did provide good data that could be used to estimate funding patterns to school districts in those States.

The second approach provided information that could be used to estimate funding patterns among States. It involved using the Anchor Test Study Norming File, which lists achievement test results based on a large national sample of schools. In each school, all pupils in grades 4, 5, and 6 were administered the appropriate level of the Metropolitan Achievement Test, Reading, Form F. Approximately 192,000 pupils took the test in April 1972.

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[1] Research Plan: Compensatory Education Study. Washington, D.C.: National Institute of Education, December 16, 1975.

The Anchor Test Study data were not originally intended to produce achievement results for individual States. The school sample was nationally, not state, representative.[2] However, large numbers of students were tested in several States, and every State was represented by at least a few students. The Anchor Test Study File, therefore, could be used to estimate the number of low-achieving children by State.

The data files produced by these two approaches were not completely accurate, and each alone provides estimates for only a limited number of places. They do, however, provide enough data to support some analysis about the likely effects of a change in eligibility criteria on the patterns of Title I funding.

ANALYSIS PROCEDURES

NIE used both data files to analyze the patterns of achievement-based funding among regions, States, and types of school districts. Estimates of achievement eligibles for regions and States were derived from the Anchor Test Study File, which was also used to analyze possible consequences for types of districts. The state testing data were also used for analyses of the effects on districts.

At both the state and district levels, the effects of a change to an achievement criterion were assessed by comparing a State's or district's share of the Nation's total population of low-income children with its share of the Nation's low-achieving children.

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[2] The Anchor Test Study norming sample consisted of a nationally representative probability sample of 918 schools, comprising 812 public, 92 Catholic, and 14 private non-Catholic. The schools were selected to provide proper national representation on each of the following variables: (1) type of school: public, Catholic, and private non-Catholic; (2) size of school system: district or county; (3) percentage of minority children in the school or minority members in the community; (4) income level of the immediate community in which the school is located; (5) geographic region; (6) degree of community urbanization, as determined by the 1970 census (Bianchini, 1972).

State Estimates

For the analyses of funding patterns to States, low-income students were defined according to the current Title I poverty standard, and low-achieving students were defined as those achieving at or below the 15th percentile. This cutoff was selected as the standard for low achievement because it defines as many children to be low-achieving nationwide as the existing poverty standard now identifies as being low-income.

Results for the State of Connecticut provide a concrete example of the ways in which funding patterns were assessed. Children aged 5-17 living in low-income families in Connecticut account for approximately 0.7% of the poor children in the country. Based on the Anchor Test Study data, NIE's estimate is that 1.35% of the low-achieving children in the country live in Connecticut. Thus, Connecticut has a higher proportion of the nation's low-achieving children than of poor children, and it would probably have a higher Title I allocation if funding were based on achievement than on poverty.

Most of the analyses that follow compare only the current Title I eligibles counted under the low-income provisions of the formula with the eligibles that would be counted if an achievement-based formula were adopted. This is because NIE assumes that a change in eligibility criteria would be accompanied by other changes in the formula, and that the crucial comparison is between funding patterns based purely on poverty counts and the results of achievement-based funding.

If the other elements of the existing Title I formula were left intact and counts of low achievers were substituted only for the census counts of poor children, these analyses would still provide reasonable estimates for judging the funding consequences. Most of the elements of the current formula (e.g., the state average per-pupil expenditure "cost factor") would not change, so their effects would be constant.

Only the AFDC counts in the existing formula present a major complication. If those counts, as well as the census counts of poor, were eliminated from the formula, allocations to some States would be more severely affected.[3]

One of the following analyses, therefore, compares achievement eligibles to all current eligibles, including AFDC children, and notes States where the number of AFDC children constitute a significant proportion of all the States' current eligibles.

District Estimates

The discussion of the effects of changing to an achievement-based formula on types of school districts is based on analyses of both the Anchor Test Study data and the state testing file. The Anchor Test data were used to analyze the general effects on different types of districts of a change to achievement criteria for allocating Title I funds. As in the state analyses, low-achieving pupils were defined as those achieving at or below the 15th percentile.

The files for individual States were used to permit closer examination of the effects on types of districts. This involved specifying an achievement cutoff that yields the same number of low achievers in the State as the Anchor Test Study file indicated. The number of students at or below this cutoff was then determined for districts in the State.

Limitations of Analyses

The results of the analyses by State, region, and type of school district provide the clearest available picture--using the only data even remotely suitable for the task--of the funding patterns that might result from a change in the Title I eligibility criterion.

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[3] In 1977, AFDC eligibles accounted for less than 7% of the total Title I eligibles. A detailed discussion of the effects of the inclusion of counts of AFDC children in the current formula can be found in Title I Funds Allocation: The Current Formula. Washington, D.C.: The National Institute of Education, September 1977.

The results do little to reduce uncertainty about the likely consequences of that change. Achievement patterns vary among States and districts, but not in any way that can be neatly characterized according to geography or type of district. Though some States would clearly gain funds in a change from poverty to achievement, similar States would apparently lose funds or be relatively unaffected. Although some rough generalizations can be made about the patterns of funding to types of school districts (e.g., central cities, suburbs, and rural areas) and to places of different demographic composition, those generalizations are often in error when applied to particular districts.

A final limit on the data presented below is that they represent only the results of currently available reading tests for grades 4-6. Tests of other skills, new tests, or tests of grades other than 4-6 might produce very different patterns of achievement than reported here, and hence, very different effects on the allocation of Title I funds.

STATE RESULTS

Table 2 compares the proportion of poverty and achievement eligibles in 34 States and the District of Columbia. The achievement estimates were obtained from the Anchor norming sample. Estimates for the other 16 States are not listed because the error rates are very large.[4]

The table compares the proportion of achievement eligibles with each State's proportion of 1970 census poor children counted in the current formula. Twenty-three of the States and the District of Columbia would experience an increase or decrease of more than 15% of their share of eligibles if achievement criteria were substituted for the 1970 poverty definition. The largest proportional increases would be for the District of Columbia and Connecticut; and the largest decreases, for Oklahoma, West Virginia, and Arizona.

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[4] For 23 States in the table, the error rates at the 95% confidence level are between ± 6% and ± 20%. For the other 11 States, the error rates range from ± 22% to ± 40%. This means that 95 times out of 100 the true figure will be no more than 40% above or below the estimate.

TABLE 2

STATE COMPARISONS OF 1970 POVERTY AND ACHIEVEMENT ELIGIBILITY

	Percent of 5-17 Year-Olds	Percent of 1970 Poverty Eligibles	Percent of Achievement Eligibles	Percent Chan in Share of Eligibles
Northeast				
Connecticut*	1.47	.71	1.35	90
New Jersey*	3.43	2.02	1.77	-12
New York**	8.30	6.83	5.73	-16
Pennsylvania**	5.57	3.96	4.26	7
North-Central				
Illinois**	5.45	3.92	5.13	31
Indiana**	2.64	1.60	2.50	56
Michigan**	4.68	2.86	4.53	58
Minnesota*	2.01	1.29	1.12	-13
Missouri**	2.25	2.25	2.03	-10
Ohio**	5.38	3.55	3.63	2
Wisconsin**	2.30	1.35	1.67	24
South				
Alabama**	1.78	3.53	2.88	-18
Arkansas**	.95	2.01	1.50	-25
Delaware*	.28	.23	.35	52
District of Columbia**	.31	.48	1.00	108
Florida**	3.06	3.89	4.06	5
Georgia**	2.33	3.81	5.43	43
Kentucky**	1.60	2.71	2.21	-18
Louisiana**	1.98	4.01	4.44	11
Maryland**	1.97	1.52	2.56	68
Mississippi**	1.21	3.40	3.39	-0.3
North Carolina**	2.51	4.06	3.23	-20
Oklahoma*	1.21	1.59	.82	-48
South Carolina**	1.37	2.69	2.91	8
Tennessee**	1.91	3.19	2.23	-30
Texas**	5.72	8.27	5.62	-32
Virginia**	2.27	2.79	3.30	18
West Virginia*	.84	1.38	.88	-36

TABLE 2 (Continued)

	Percent of 5-17 Year-Olds	Percent of 1970 Poverty Eligibles	Percent of Achievement Eligibles	Percent Change in Share of Eligibles
West				
Alaska*	.16	.16	.30	87
Arizona*	.92	1.09	.70	-36
California**	9.47	7.74	9.75	26
Colorado*	1.12	1.93	.86	-8
New Mexico*	.59	1.04	.69	-34
Oregon*	1.01	.70	.79	13
Washington*	1.67	1.04	1.10	6
TOTAL	89.72	92.60	94.72	

*Error rates for these estimates are between ± 21% and ± 40%.

**Error rates for these estimates are between ± 6% and ± 20%.

Table 3 compares achievement eligibles with each State's proportion of poor children in 1975. The 1975 poverty figures are more recent estimates from the Survey of Income and Education (SIE) and might approximate more closely the poverty counts that will be obtained in the next census.[5] As the table indicates, the pattern of change is different when 1975 poverty counts are compared to achievement criteria. Twenty-three States experience an increase or decrease of more than 15%. However, the particular States affected and the direction of change are generally different if 1975 poverty and achievement are compared rather than 1970 poverty and achievement. Using 1975 poverty as the base, Alaska is one of the States with the largest proportional increase, and New Mexico and New Jersey are among the States with the largest decreases.

The 1975 poverty counts also result in a different distribution of funds than do the 1970 poverty counts. However, the amount of money that would shift among States in a change from 1970 to 1975 poverty counts would not be as large as the shift that would result if achievement criteria replaced the 1970 data. In addition, the

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[5] Further discussion of the SIE data can be found in Title I Funds Allocation: The Current Formula. Washington, D.C.: National Institute of Education, September 1977.

TABLE 3

STATE COMPARISONS OF 1975 POVERTY AND ACHIEVEMENT ELIGIBILITY

	Percent of 1975 Poverty Eligibles	Percent of Achievement Eligibles	Percent Change in Share of Eligibles
Northeast			
Connecticut	.86	1.35	57
New Jersey	2.77	1.77	-36
New York	7.54	5.73	-24
Pennsylvania	4.87	4.26	-12
North-Central			
Illinois	5.71	5.13	-10
Indiana	1.76	2.50	42
Michigan	3.67	4.53	23
Minnesota	1.27	1.12	-12
Missouri	2.30	2.03	-12
Ohio	4.33	3.63	-16
Wisconsin	1.50	1.67	11
South			
Alabama	1.96	2.88	47
Arkansas	1.41	1.50	06
Delaware	.20	.35	70
District of Columbia	.34	1.00	194
Florida	4.58	4.06	-11
Georgia	3.44	5.43	58
Kentucky	2.38	2.21	-07
Louisiana	3.15	4.44	41
Maryland	1.46	2.56	75
Mississippi	2.75	3.39	23
North Carolina	3.11	3.23	04
Oklahoma	1.23	.82	-33
South Carolina	2.28	2.91	28
Tennessee	2.72	2.23	-18
Texas	8.14	5.62	-31
Virginia	2.16	3.30	53
West Virginia	1.11	.88	-21

Table 3 (Continued)

	Percent of 1975 Poverty Eligibles	Percent of Achievement Eligibles	Percent Change in Share of Eligibles
West			
Alaska	.07	.30	328
Arizona	1.08	.70	-35
California	9.07	9.75	07
Colorado	.83	.86	04
New Mexico	1.07	.69	-36
Oregon	.59	.79	33
Washington	1.16	1.10	-05

individual States that would gain or lose funds are not the same States that would gain or lose under a change to an achievement criterion.[6]

Achievement Eligibles Compared With All Title I Eligibles.--The proportion of achievement eligibles in each State was also compared to its proportion of all eligibles counted in the Title I formula (i.e., counts of low-income children, Aid to Families With Dependent Children (AFDC) children, and neglected, delinquent, and foster children). Table 4 presents the findings. Although for most States, the addition of AFDC counts do not change the extent to which they are likely to gain or lose funds due to a change to achievement criteria, it does make a difference in some. For example, New Jersey and New York, which would lose some funds if achievement data were to replace counts of low-income children, would lose even more if counts of low-achieving children replaced counts of eligible children under the current formula.

REGIONAL RESULTS

Table 5 compares the proportion of 1970 poverty and achievement eligibles located in each of the four census regions. These estimates were obtained by summing

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[6] Table C-I in Appendix C contrasts changes in shares resulting from a shift from 1970 to 1975 poverty counts with those resulting from a change from 1975 poverty counts to achievement.

TABLE 4

STATE COMPARISONS OF TOTAL CURRENT TITLE I ELIGIBLES AND ACHIEVEMENT ELIGIBLES

	Percent of Total Title I Eligibles	Percent of Achievement Eligibles	Percent Change in Share of Eligibles
Northeast			
Connecticut	.79	1.35	71%
New Jersey	2.29	1.77	-23
New York	8.65	5.73	-34
Pennsylvania	4.27	4.26	-0.2
North-Central			
Illinois	4.46	5.13	15
Indiana	1.55	2.50	61
Michigan	3.67	4.53	23
Minnesota	1.32	1.12	-15
Missouri	3.06	3.39	11
Ohio	3.40	3.63	-7
Wisconsin	1.48	1.67	13
South			
Alabama	3.22	2.88	-11
Arkansas	1.83	1.50	-18
Delaware	.22	.35	59
District of Columbia	.49	1.00	104
Florida	3.59	4.06	13
Georgia	3.48	5.43	56
Kentucky	2.49	2.21	-11
Louisiana	3.66	4.44	21
Maryland	1.45	2.56	76
Mississippi	3.06	3.39	11
North Carolina	3.73	3.23	-13
Oklahoma	1.46	.82	-44
South Carolina	2.44	2.91	19
Tennessee	2.91	2.23	-23
Texas	7.54	5.62	-25
Virginia	2.62	3.30	26
West Virginia	1.27	.88	-31

Table 4 (Continued)

	Percent of Total Title I Eligibles	Percent of Achievement Eligibles	Percent Change in Share of Eligibles
West			
Alaska	.16	.30	88
Arizona	1.01	.70	-31
California	8.19	9.75	19
Colorado	.89	.86	-3
New Mexico	.95	.69	-27
Oregon	.76	.79	4
Washington	1.13	1.10	-3

the individual estimates for each State in the region (using all 50 States and the District of Columbia). The table shows that a change from 1970 poverty to achievement criteria would make little difference in the overall share of funds going to each region. The small shifts that occur for different regions are not statistically significant.

TABLE 5

ESTIMATED PERCENT OF 1970 POVERTY AND ACHIEVEMENT ELIGIBLES
LOCATED IN FOUR GEOGRAPHIC REGIONS

	Percent of 5-17 Year-Olds	Percent of 1970 Poverty Eligibles	Percent of Achievement Eligibles
Northeast	22.96	16.19	15.29
Central	28.66	20.00	22.71
South	31.30	49.56	46.82
West	17.08	14.25	15.18
Overall	100.00	100.00	100.00

In general, although a change from poverty to achievement eligibility appears likely to have a significant effect on Title I funding for many States, it would not affect the relative amount of money received by each of the four census regions.

TYPES OF SCHOOL DISTRICT

The Anchor Test Study data were also used to compare the proportions of poverty and achievement eligibles in different types of places.[7] The analysis results allow rough estimates of the relative proportions of poverty and achievement eligibles located in different types of school districts. Districts are categorized according to location--central cities, suburbs, and nonmetropolitan areas--and demographic composition--proportions of 5- to 17-year-olds in three racial/ethnic categories: white, black, and Spanish surnamed.[8]

Location

Nonmetropolitan areas would probably lose funds if achievement criteria were substituted for poverty criteria. By contrast, cities and suburbs would gain, but these gains are not statistically significant because the variation around the national trend is very high. Thus, urban and suburban districts in some areas are likely to gain funds, while those in other areas are likely to lose.

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[7] Data on the proportions of poverty and achievement eligibles and on the proportions of 5- to 17-year-olds in various locational and demographic categories in each State were used to develop a model comparing estimated poverty and achievement eligibility for different groups of children. For a technical description of the regression analysis techniques used, see Haertel et al., 1977a.

[8] Standard Census Bureau definitions of location are used. Central cities include all cities over 250,000 and other cities ranging in size from about 15,000 to 250,000 people that are officially designated as central cities. Suburbs include any other jurisdiction with a population over 25,000 in a standard metropolitan statistical area (SMSA), as well as rural counties located within SMSAs. Nonmetropolitan areas include all areas outside SMSAs. These definitions are not necessarily synonymous with common usage of the terms urban, suburban, and rural.

Demographic Composition

On average, school districts with high percentages of blacks would be likely to gain funds if an achievement-based allocation system were used. Districts with high proportions of whites would be likely to lose funds; there would generally not be major differences in funding for districts with high proportions of Spanish-surnamed children.

Effects of Alternative Cutoffs

Parallel analyses were conducted using alternative definitions of low achievement ranging from the 7th to 30th percentiles. These analyses of alternative cutoffs indicate that the definition of low achievement used in an achievement-based funding system will have significant consequences for the distribution of funds. At cutoffs above the 15th percentile, the distribution of achievement eligibles resembles the distribution of the 5- to 17-year-olds in the population. If the 28th percentile, for example, is used as the cutoff, 30% of the low achievers are in cities—a proportion very close to the proportion of all 5- to 17-year-olds in these places. When achievement eligibility limits are set low, at the 7th percentile, approximately 42% of low-achieving children are in cities. Therefore, cities would receive proportionately more funds as the cutoff is lowered, and proportionately less as the cutoff is raised.

The reverse is likely to be true for suburban areas; they are likely to gain funds as the cutoff is raised. At lower cutoff levels, however, their share of funds is likely to approximate the share they currently receive. Nonmetropolitan areas are likely to lose about the same amount of funds in a shift from poverty to achievement for any cutoff between the 7th and 30th percentile.

The definition of low achievement would also affect the distributional consequences of a shift from poverty to achievement criteria for districts of varying racial/ethnic composition. As the cutoff point is increased, the proportion of achievement eligibles for districts with high concentrations of blacks declines, and the proportion of eligibles for districts with high proportions of whites increases.

EFFECTS WITHIN STATES

The previous findings have shown that national averages cannot be used to predict funding gains or losses with any degree of accuracy for individual school districts. For some categories, there are general trends, but variation around the national average is considerable.

This variation occurs for two reasons. First, the achievement data needed to make precise estimates are not available. Second, there are real differences in the patterns of change that would occur in different States. Although generally areas with high proportions of white children are likely to lose funds, in some States they are likely to gain.

Within-state estimates are illustrated below for a small sample of States. The information shows that funding patterns for districts within particular States may differ from national patterns.

Because the achievement data come from state testing programs, the achievement estimates are based on a variety of different reading tests administered at different periods of time and to different grade levels.[9] The cutoff on each state test was selected so the resulting number of achievement eligibles in the State would correspond to the number of achievement eligibles estimated from the Anchor data. Hence, the funding gains or losses for districts within particular States would be relative to the overall gain or loss in funds for that State.

Seven States were selected for analysis: Rhode Island and New York in the Northeast; Alabama and Florida in the South; Michigan in the North-Central region; and California and New Mexico in the West.

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[9] The base population used for these analyses was the number of 5- to 17-year-olds in K-12 districts. This number was used to avoid problems of variation in district grade spans in these States. Details on the test data used in these analyses can be found in Table C-2.

Location

Table 6 describes the consequences of a shift from 1970 poverty to achievement eligibility criteria for districts in different locations. These within-state analyses explain why there is so much variation around the national averages. Funding consequences for similar types of districts are likely to vary from State to State, even within the same region. If achievement criteria were used, cities and suburbs would gain funds in some States but would lose or show no change in others.

Patterns are more consistent for nonmetropolitan areas, which would lose funds in six of the seven States. This finding is consistent with the national estimates in which nonmetropolitan areas also showed statistically significant losses.

Demographic Composition

The possible impact of a change from poverty to achievement criteria was also estimated for districts of different racial/ethnic composition in six of these States.[10]

As Table 7 indicates, the results vary from State to State. If achievement criteria were used, districts with high proportions of black or Spanish-surnamed children would gain funds in some States and would lose or show no change in others. The results for districts with high proportions of white children also differ among States. Thus, the data illustrate that the national trends provide only rough estimates of the funding shifts that would occur if achievement eligibility criteria were used.

To conclude, the difficulty NIE experienced in obtaining and standardizing usable data for the analyses presented in this chapter confirm the fact that reliable achievement data are not currently available to permit an achievement-based allocation system. Such a system is feasible, and the necessary data could be obtained over a 3-year period. Until such data have been collected no more precise assessment of how an achievement-based formula would affect specific school districts is possible.

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[10] Rhode Island was not included because the number of minority children in the State was too small.

TABLE 6

DIRECTION OF ESTIMATED CHANGES IN PROPORTION OF ELIGIBLES FOR DISTRICTS IN VARYING LOCATIONS

	Change in Proportion of Eligibles*
Northeast	
New York	
Central cities	+
Suburbs	-
Nonmetropolitan areas	-
Rhode Island	
Central cities	0
Suburbs	0
Nonmetropolitan areas	0
South	
Alabama	
Central cities	+
Suburbs	+
Nonmetropolitan areas	-
Florida	
Central cities	+
Suburbs	0
Nonmetropolitan areas	-
North-Central	
Michigan	
Central cities	-
Suburbs	+
Nonmetropolitan areas	-
West	
California	
Central cities	0
Suburbs	0
Nonmetropolitan areas	-
New Mexico	
Central cities	+
Suburbs	**
Nonmetropolitan areas	-

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*Key: + = increase, - = decrease, and 0 = no significant change.

**The size of the suburban population in New Mexico is too small to make an accurate estimate of the direction of change.

TABLE 7

DIRECTION OF ESTIMATED CHANGES IN PROPORTION OF ELIGIBLES FOR DISTRICTS OF VARYING DEMOGRAPHIC COMPOSITION

Districts with high concentrations of:	Change in Proportion of Eligibles
Northeast	
New York	
Whites	-
Blacks	+
Spanish surnamed	+
South	
Alabama	
Whites	0
Blacks	0
Spanish surnamed	**
Florida	
Whites	-
Blacks	0
Spanish surnamed	+
North-Central	
Michigan	
Whites	+
Blacks	-
Spanish surnamed	0
West	
California	
Whites	-
Blacks	+
Spanish surnamed	+
New Mexico	
Whites	+
Blacks	***
Spanish surnamed	-

---

*Key: + = increase, - = decrease, 0 = no significant change.

**The size of the Spanish-surnamed population in Alabama is too small to make an accurate estimate of the direction of change.

***The small size of the black population in New Mexico makes accurate determination of the likely changes problematic.

APPENDIX A. SECTIONS 821 AND 150 OF PUBLIC LAW 93-380

Public Law 93-380
93rd Congress, H. R. 69
August 21, 1974

An Act

To extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education Amendments of 1974".

*****

PART B—EDUCATIONAL STUDIES AND SURVEYS

STUDY OF PURPOSES AND EFFECTIVENESS OF COMPENSATORY EDUCATION PROGRAMS

SEC. 821. (a) In addition to the other authorities, responsibilities and duties conferred upon the National Institute of Education (hereinafter referred to as the "Institute") by section 405 of the General Education Provisions Act and notwithstanding the second sentence of subsection (b)(1) of such section 405, the Institute shall undertake a thorough evaluation and study of compensatory education programs, including such programs conducted by States and such programs conducted under title I of the Elementary and Secondary Education Act of 1965. Such study shall include—

(1) an examination of the fundamental purposes of such programs, and the effectiveness of such programs in attaining such purposes;

(2) an analysis of means to identify accurately the children who have the greatest need for such programs, in keeping with the fundamental purposes thereof;

(3) an analysis of the effectiveness of methods and procedures for meeting the educational needs of children, including the use of individualized written educational plans for children, and programs for training the teachers of children;

(4) an exploration of alternative methods, including the use of procedures to assess educational disadvantage, for distributing funds under such programs to States, to State educational agencies, and to local educational agencies in an equitable and efficient manner, which will accurately reflect current conditions and insure that such funds reach the areas of greatest current need and are effectively used for such areas;

(5) not more than 20 experimental programs, which shall be reasonably geographically representative, to be administered by the Institute, in cases where the Institute determines that such experimental programs are necessary to carry out the purposes of clauses (1) through (4), and the Commissioner of Education is authorized, notwithstanding any provision of title I of the Elementary and Secondary Education Act of 1965, at the request of the Institute, to approve the use of grants which educational agencies are eligible to receive under such title I (in cases where the agency eligible for such grant agrees to such use) in order to carry out such experimental programs; and

(6) findings and recommendations, including recommendations for changes in such title I or for new legislation, with respect to the matters studied under clauses (1) through (5).

(b) The National Advisory Council on the Education of Disadvantaged Children shall advise the Institute with respect to the design and execution of such study. The Commissioner of Education shall obtain and transmit to the Institute such information as it shall request with respect to programs carried on under title I of the Act.

(c) The Institute shall make an interim report to the President and to the Congress not later than December 31, 1976, and shall make a final report thereto no later than nine months after the date of submission of such interim report, on the result of its study conducted under this section. Any other provision of law, rule, or regulation to the contrary notwithstanding, such reports shall not be submitted to any review outside of the Institute before their transmittal to the Congress, but the President and the Commissioner of Education may make to the Congress such recommendations with respect to the contents of the reports as each may deem appropriate.

(d) Sums made available pursuant to section 151(i) of the Elementary and Secondary Education Act of 1965 shall be available to carry out the provisions of this section.

(e)(1) The Institute shall submit to the Congress, within one hundred and twenty days after the date of the enactment of this Act, a plan for its study to be conducted under this section. The Institute shall have such plan delivered to both Houses on the same day and to each House while it is in session. The Institute shall not commence such study until the first day after the close of the first period of thirty calendar days of continuous session of Congress after the date of the delivery of such plan to the Congress.

(2) For purposes of paragraph (1)—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day period.

*****

"ALLOCATION OF FUNDS WITHIN THE SCHOOL DISTRICT OF A LOCAL EDUCATIONAL AGENCY

"Sec. 150. (a) For any fiscal year not more than 20 local educational agencies selected for the purpose of section 821(a)(5) of the Education Amendments of 1974 may elect, with the approval of the districtwide parent advisory council which is required to be established under section 141(a)(14) of this title, to allocate funds received from payments under this title on the basis of a method or combination of methods other than the method provided under section 141(a)(1)(A). Any method selected pursuant to this section shall be so designed and administered as to be free from racial or cultural discrimination.

"(b) Any local educational agency to which this section applies shall submit such reports to the Director of the National Institute of Education at such time and in such manner as the Director may reasonably require to carry out his responsibilities under section 821(a)(5) of the Education Amendments of 1974.

APPENDIX B. COST ESTIMATES FOR A NATIONAL TESTING SYSTEM

ACTIVITIES

This section provides a detailed description of the activities involved in national testing program for Title I allocations and indicates the level of effort tha was used to estimate the costs of such a program.[1]

Setting Objectives

The first step in mounting any testing program is to decide what is to be measured. If Congress were to decide to base Title I eligibility on national minimum standards for the skills and knowledge that children at the selected age or grade levels should have, the process would require broad societal participation. Because the analysis assumes that the subject matter of the test will be reading, the first task would be to develop age-specific educational goals in that area. The entire specifications process would include: general goal setting, specifying objectives, and setting standards for the objectives.

If Congress were to decide to use a simple percentile cutoff or other norm-referenced procedures to determine eligibility for Title I, the process would be simpler. It would not be necessary to set a precise standard for the reading attainment of any age group or grade level. It would only be necessary to provide some general objectives to guide test development.

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[1] These estimates were prepared for NIE by CEMREL, Inc. The National Assessment for Educational Progress is also preparing estimates of the technical procedures involved in conducting national testing for Title I allocations. For further information, see NAEP (1977).

If the entire testing project is to be completed within 3 years, developing objectives and standards must be stringently scheduled so that it can be completed in 12 to 15 months. Six full-time professional and 10 support staff would be required for a 12-month period.

This task involves a series of hearings and conferences:

- Four hearings on standard setting lasting 2 days each, with eight invited speakers per day
- Two conferences on standard setting lasting 3 days with 15 invited participants, each of whom is asked to spend an additional day preparing for each conference
- Two conferences on objective specification lasting 3 days each with 15 invited participants, each of whom is asked to spend an additional day preparing for each conference
- One review conference lasting 3 days with 12 invited participants

Test Development

Designing the actual test instrument would require substantial attention. It is assumed that the test would include NAEP-type multiple-choice and open-ended items. Further, a test of 1 hour's-duration, consisting of about 50 items, should be sufficient for eligibility estimation.

Test items or exercises must be written according to specifications regarding their number, type, focus, and intended difficulty. If possible, existing pools of test items could be relied upon to reduce the amount of new writing required. Documentation should include scoring instructions. Small-group conferences of reading experts with experience in the education of the targeted age groups should be organized for this purpose. Because of the importance of the test results, public review and participation would also be required. In addition to writing test items, test development includes tryouts to provide information on content validity, administrative feasibility, timing, and clarity of directions. Results of these tryouts could be used to select or modify items for use in the final test instrument. Finally, procedures should be developed for scoring and calculating eligibility.

A 12-month period for test development[2] with 8 full-time professional and 12 support staff as well as staff for item tryout is needed. This task also involves a series of conferences:

- Twenty item-writing conferences lasting 3 days each with six invited participants each
- Two review conferences lasting 3 days each with 12 invited participants each

Sample Design

The task is to develop a sampling design for national testing of 9-year olds in reading to produce Title I achievement eligibility estimates. For the purpose of exploring alternative costs, sampling requirements were estimated for three different levels of precision. Sampling designs were devised which would produce error rates of 5%, 10%, and 20% of the number of eligibles.[3] Separate estimates were also made of the sampling requirements for state-level and school district-level counts of eligible children. To deal with the problem of district-level estimates for high school districts, the model assumes that a special analysis of feeder districts will be conducted in order to develop procedures for estimating rates for high school districts without special testing.

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[2] It should be noted that current NAEP objectives specification and test development activities involve considerably larger numbers of people and longer time periods.

[3] A detailed technical discussion of the procedures used to estimate sample sizes for eligibility estimates at various accuracy levels can be found in Harnischfeger, Huckins, and Wiley (1977).

Because of differences that alternative sampling designs may have on costs and precision, an assumption was made that state-level estimates of eligibility will be based on a design with the same stratification and clustering characteristics as the current NAEP national sampling design. For state-level eligibility estimates and a precision level of 10%, these assumptions result in an estimated sample size of 250,000 and for 5% and 20% precision levels 700,000 and 75,000, respectively. For district-level Title I eligibility counts, these assumptions require a sample of approximately 2.7 million pupils for estimates precise within 10%, samples of 3.1 million for 5% precision, and 2.0 million for 20% precision. Pupils who cannot be tested (mentally retarded, handicapped, non-English speaking, absentees) would be counted as eligible, except for absentees for whom eligibility weights would be developed in a special study.

This task would require 10 professional and 16 support staff, assuming an 8-month period for sample design and selection.

Printing

Printing varies as a function of sample size and test length, but also according to the kinds of items used and their answer modes. Items for certain subject areas and also for certain ages take up more space and are more difficult to set and print than those for other ages and areas. Also, testing at the youngest ages does not permit the use of separate answer sheets. Instead test booklets would have to include formats for the pupils' responses. This latter provision, which is assumed for cost purposes, does not permit reuse of test booklets. This activity also includes the distribution of test booklets to field staff.

Printing of test booklets is costed at $.40 for each package. This figure includes staff directly concerned with printing. For general management of this process, 3 professional and 5 support staff months are estimated.

Data Collection

In order to ensure the integrity of the data-collection process, tests would be administered by field staff, not district or school personnel. The field staff would include supervisors and test administrators. Once schools were selected to participate in the testing, the supervisors would be responsible for notifying school personnel, scheduling, and obtaining lists of pupils at the appropriate age or grade levels. A sample of pupils would be randomly selected from the lists according to the specifications of the sample design. After the sample of pupils was selected in a school, the tests would be administered by test administrators hired and trained by the regional supervisors. It is important that test administration applicants be carefully screened and trained.

Time of testing during the school year and on the school day is an important factor influencing achievement test results. It should be standardized as much as possible. The model assumes that testing will take place within a 6-week period at the beginning of the school year (October/November), so that results are available for the following year's allocations, and that testing will take place only during the morning hours. It is also important to specify the number of pupils to be tested in group administrations (16) and the length of the testing period (1 hour).

The field work is estimated to require 200 field supervisors at 3.5 months each. This includes: training (1 week); contacting schools, sampling students, and hiring test administrators (6 weeks); supervising test administrators (6 weeks); and followup work (1 week). The 450 test administrators, at 1.5 months each, would perform, on average, 1.5 test administrations per morning, 4 days per week. Their afternoons would be used for test editing. It is estimated that they need only 2 hours of training, which is included in their employment time. Nonfield staff is estimated at a minimum of 12 professional and 16 support staff for 5 months each. These estimates include recruiting of field staff, especially supervisors.

Scoring and Eligibility Calculation

Scoring procedures depend heavily upon the types of test items used. It is assumed that most item answers would be machine readable and machine scorable with no more than 5 minutes of "handscoring" per tested pupil. Once responses were in machine readable form, the information would be transferred from the completed test booklets to computer data tapes which would be checked and edited.

Once a final edited tape was produced, individual item response patterns could be translated into estimates of the proportion of eligibles. The final estimated eligibility rate and the size of the base population in an area would then be multiplied to provide the estimate of the number of eligibles for Title I funding.

These tasks would require an estimated 12 professional and 16 support staff for 7 months each. Furthermore, handscoring requires employment of 45 scorers for 4 months each.

Reporting

In addition to reporting eligibility rate estimates to OE, public officials, educators, and the general public, there will be demands for technical documentation and summary reports on the testing procedures and instruments. The special requirements of an achievement-based funds allocation procedure suggest that all aspects of the testing program should be made available for public review.

Reporting on the testing program would be especially important if the national testing is used only for allocating funds at the state level and if within-state allocations are to be made using state testing and assessment programs. The national testing procedures would provide a useful prototype--one which States could imitate in building their own testing programs only if details of the national program are publicly disseminated.

Report generation is estimated to require 4 professional and 12 support staff for 4 months each.

TABLE B-1

COSTS IN EACH BUDGETARY CATEGORY

Resource Category	Cost
Personnel (salary and fringe benefits)	
Professional staff, consultants, hearing and conference participants	$34,000 per year*
Support staff and scorers	$17,000 per year
Field supervisors	$18,000 per year
Test administrators	$12,000 per year
Travel	
Conference, hearing participants, and nonfield staff**	$300 per trip
Field supervisors' travel per diem	80% of salaries
Test administrator travel to schools	$9 per trip
Occupancy	
Nonfield staff	$150 per person-month
Hearings, conferences, and training sessions	$50 per day
Communication	
Nonfield staff (telephone, mailing, shipping)	$50 per person-month
Field supervisors	17% of salaries
Shipping or mailing of test packages	$.50 per test package
Mailing final reports	$.40 per report

TABLE B-1 (Continued)

Resource Category	Cost
Reproduction	
Nonfield staff general reproduction	$20 per person-month
Field supervisor training materials	$30 per field supervisor
Field, test administrator training materials	$5 per test administrator
Test printing for tryouts	$1.50 per test package
Printing of final test packages	$.40 per test package
Report reproduction (about 100 pages each)	$1.50 per copy
Data processing	Estimated by task
Supplies and equipment	
Nonfield staff (includes maintenance of equipment)	$70 per person-month

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*One year is assumed to have 12 months at 20 days.

**Nonfield staff includes professional and support staff and scorers.

TABLE B-2. CALCULATION OF COST ESTIMATES FOR NATIONAL TESTING

SETTING OBJECTIVES

Personnel	n	Months/ Persons	Total Months	Salary per Person-Year	Total Cost
Professional staff	6	12	72	$34,000	$ 204,000
Support staff	10	12	120	$17,000	170,000
			192		
Conference/hearing participants			17*	$34,000	48,000*
					$ 422,000

Travel	n	Days	Travel Cost	Per Diem	Total Cost
Staff	36	108	$300	$ 55	$ 17,000
Conference/hearings	136	280	$300	$ 55	56,000
					$ 73,000

Occupancy	n		Total Months	Per Month	Total Cost
Staff	16		192	$ 150	$ 29,000
Conference/hearings	9		23 days	50/day	1,000
					$ 30,000
Communication					
Staff	16		192	$ 50	$ 10,000
Reproduction					
Staff	16		192	$ 20	$ 4,000
Data processing			12	$ 2,500	$ 30,000
Supplies, equipment					

TEST DEVELOPMENT

Personnel	n	Months/ Persons	Total Months	Salary Per Person-Year	Total Cost
Professional staff	8	12	96	$34,000	$ 272,000
Support staff	12	12	144	$17,000	204,000
			240		
Field supervisor	1	3	3	$18,000	5,000
Conference participants	144		22*	$34,000	62,000
					$ 543,000

Travel	n	Days	Travel Costs	Per Diem	
Staff	60	180	$300	$ 55	$ 28,000
Conference participants	144	432	$300	$ 55	67,000
Field supervisor		80% of 3-month salary			4,000
					$ 99,000

Occupancy	n		Total Months	Per Month	
Staff	20		240	$ 150	$ 36,000
Conference participants	22		66 days	$ 50	3,000
					$ 39,000

Communication	n				
Staff	20		240	$ 50	$ 12,000
Field supervisor		17% of 3-month salary			1,000
Test mailing					1,000
					$ 14,000

Reproduction	n				
Staff	20		240	$ 20	$ 5,000
Test printing		1,200 tests @ $1.50			2,000
					$ 7,000

TABLE B-2 (Continued)

TEST DEVELOPMENT (Continued)

	n	Months/ Persons	Total Months	Salary Per Month	Total Cost
Data processing			12	$ 5,000	$ 60,000
Supplies, equipment	20		240	$ 70	$ 17,000
SAMPLE DESIGN AND SELECTION					
Personnel				Per Person-Year	
Professional staff	10	8	80	$34,000	$ 227,000
Support staff	16	8	128	$17,000	181,000
					$ 408,000
Travel		Days	Travel Cost	Per Diem	
Staff	16	48	$300	$ 55	$ 7,000
Occupancy		Months/ Persons	Total Months	Per Month	
Staff	26	8	208	$ 150	$ 31,000
Communication					
Staff	26	8	208	$ 50	$ 10,000
Reproduction					
Staff	26	8	208	20	$ 4,000
Data processing			8	$ 9,000	$ 72,000
Supplies, equipment					
Staff	26		208	$ 70	$ 15,000

TABLE B-2 (Continued)

PRINTING

	n	Months/ Persons	Total Months	Salary per Person-Year	Total Cost
Personnel					
Professional staff	3	1	3	$34,000	$ 9,000
Support staff	5	1	5	$17,000	7,000
			8		$ 16,000
Travel		Days	Travel Cost	Per Diem	
Staff	4	12	$300	$ 55	$ 2,000
Occupancy		Months/ Persons	Total Months	Per Month	
Staff	8	1	8	$ 150	$ 1,000
Communication					
Staff	8	1	8	$ 50	$ 1,000
Reproduction					
Staff	8	1	8	$ 20	--
Test printing†		250,000 @ $.40			$ 100,000
Data processing			1	$ 3,000	$ 3,000
Suppies, equipment					
Staff	8	1	8	$ 70	$ 1,000

TABLE B-2 (Continued)

DATA COLLECTION

Personnel	n	Months/ Persons	Total Months	Salary per Person-Year	Total Cost
Professional staff	12	5	60	$34,000	$ 170,000
Support staff	16	5	80	$17,000	113,000
			140		
Field supervisors	200	3.5	700	$18,000	1,050,000
Test administrators	450	1.5	675	$12,000	675,000
					$2,008,000

Travel	n	Days	Travel Cost	Per Diem	Total Cost
Staff	40	120	$300	$ 55	$ 19,000
Field supervisors		80% of 700-month salary			840,000
Test administrators		15,625 schools @ $9			141,000
					$1,000,000

Occupancy	n	Months/ Persons	Total Months	Per Month	Total Cost
Staff	28	5	140	$ 150	$ 21,000
Field staff training††					3,000
					$ 24,000

Communication	n	Months/ Persons	Total Months	Per Month	Total Cost
Staff	28	5	140	$ 50	$ 7,000
Field supervisors		17% of 700-month salary			179,000
Test mailing		250,000 @ $.50			125,000
					$ 311,000

Reproduction	n	Months/ Persons	Total Months	Per Month	Total Cost
Staff	28	5	140	$ 20	$ 3,000
Supervisor training material		250 sets @ $30			8,000
Test administrators training material		600 sets @ $5			3,000

TABLE B-2 (Continued)

DATA COLLECTION (Continued)

Data processing	n	Months/ Persons	Total Months	Per Month	Total Cost
Supplies, equipment					
Staff	28		140	$ 70	$ 10,000

SCORING AND ELIGIBILITY CALCULATION

Personnel				Salary per Person-Year	
Professional staff	12	7	84	$34,000	$ 238,000
Support staff	16	7	112	17,000	159,000
Scorers	45	4	180	17,000	255,000
			376		$ 652,000
Travel		Days	Travel Cost	Per Diem	
Staff	25	75	$300	$ 55	$ 12,000
Occupancy		Months/ Persons	Total Months	Per Month	
Staff	25	7	196	$ 150	$ 29,000
Scorers	45	4	180	150	27,000
					$ 56,000
Communication					
Staff	25	7	196	$ 50	$ 10,000
Reproduction					
Staff	25	7	196	$ 20	$ 4,000

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TABLE B-2 (Continued)

SCORING AND ELIGIBILITY CALCULATION (Continued)

	n	Months/ Persons	Total Months	Per Month	Total Cost
Data processing			7	$ 5,000	$ 35,000
Data processing, machine scoring	250,000 @ $3				750,000
					$ 785,000
Supplies, equipment					
Staff	25		196	$ 70	$ 14,000
Scorers	45		180	70	13,000
					$ 27,000
REPORTING					
Personnel				Salary per Person-Year	
Professional staff	4	4	16	$34,000	$ 45,000
Support staff	12	4	48	17,000	68,000
					113,000
Travel		Days	Travel Cost	Per Diem	
Staff	15	45	$300	$ 55	$ 7,000
Occupancy		Months/ Persons	Total Months	Per Month	
Staff	16	4	64	$ 150	$ 10,000
Communication					
Staff	16	4	64	$ 50	$ 3,000

TABLE B-2 (Continued)

REPORTING (Continued)

	n	Months/ Persons	Total Months	Per Month	Total Cost
Reproduction					
Staff	16	4	64	$ 20	$ 1,000
Report generation		20,000 @ $1.50			30,000
					$ 31,000
Data processing			4	$ 5,000	$ 20,000
Supplies, equipment					
Staff	16		64	$ 70	$ 4,000

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*Corresponds to 340 days (20 working days/month) including 3 months (60 days) participant preparation time.

**Figures are rounded to thousands.

***Rounded, corresponds to 432 days.

†Includes manpower for printing.

††Supervisors: 10 sessions for 5 days each @ $50/day.
Administrators: 18 sessions for ½ day each @ $25.

APPENDIX C. STATE-LEVEL ACHIEVEMENT DATA

TABLE C-1

ESTIMATED CHANGES IN SHARES OF ELIGIBLES

	% Change in Share	
	1970 Poverty vs. 1975 Poverty	1970 Poverty vs. Achievement
Northeast		
Connecticut	21	90
Maine	13	--
Massachusetts	14	--
New Hampshire	37	--
New Jersey	37	-12
New York	10	-16
Pennsylvania	23	7
Rhode Island	-3	--
Vermont	59	--
North-Central		
Illinois	46	31
Indiana	10	56
Iowa	-17	--
Kansas	-23	--
Michigan	28	58
Minnesota	-2	-13
Missouri	2	-10
Nebraska	-13	--
North Dakota	-25	--
Ohio	22	2
South Dakota	-27	--
Wisconsin	11	24
South		
Alabama	-44	-18
Arkansas	-30	-25
Delaware	-13	52
District of Columbia	-29	108
Florida	18	5
Georgia	-10	43
Kentucky	-12	-18
Louisiana	-21	11
Maryland	-4	68

TABLE C-1 (Continued)

	% Change in Share	
	1970 Poverty vs. 1975 Poverty	1970 Poverty vs. Achievement
Mississippi	-19	-0.3
North Carolina	-23	-20
Oklahoma	-23	-48
South Carolina	-15	8
Tennessee	-15	-30
Texas	-2	-32
Virginia	-23	18
West Virginia	-20	-36
West		
Alaska	-56	87
Arizona	-1	-36
California	17	26
Colorado	-11	-8
Hawaii	4	--
Idaho	-6	--
Montana	0	
Nevada	29	--
New Mexico	3	-34
Oregon	-16	13
Utah	-18	--
Washington	12	6
Wyoming	-23	--

TABLE C-2

VARIATIONS IN TEST DATA FOR THE SEVEN STATES CHOSEN FOR DISTRICT-LEVEL ANALYSES

State	Grade Level Tested	Test Used	Year of Testing
Alabama	4	CAT (standardized)	1975
California	6	CTBS (standardized)	1973
Florida	6	Tailor-made test	1975
Michigan	4	Tailor-made test	1974
New Mexico	5	CTBS	1974
New York	6	Tailor-made test	1974
Rhode Island	4	ITBS (standardized)	1974

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Appendix 5

Demonstration Studies of Funds Allocation Within Districts

A Report From the National Institute of Education

The National
Institute of
Education
U.S. Department of
Health, Education and Welfare
Washington, D.C. [illegible]

DEMONSTRATION STUDIES OF FUNDS ALLOCATION WITHIN DISTRICTS

September 30, 1977

The National Institute of Education
U.S. Department of Health, Education, and Welfare
Washington, D.C. 20208

PREFACE

The Compensatory Education Study on which this report is based was requested by Congress in the 1974 Elementary and Secondary Education Amendments. The 1974 Amendments emphasize the direct responsibility of the National Institute of Education (NIE) to the Congress. The study began in February of 1975 only after Congress had reviewed an official research plan submitted by NIE; it was funded with $15 million specially set aside from the Title I program appropriation. Results of the study will be reported directly to the President and to the Congress.

This direct responsibility to Congress led NIE to ensure that the study could be planned and integrated within the Institute. A special staff was established to conduct the study, and it was placed in NIE's Educational Equity Group. That staff has planned and closely managed the research on which this report is based and the 35 research projects that make up the whole compensatory education study.

The report reflects the work of several members of the NIE staff and contractors. Ann Milne of NIE was responsible for managing the demonstration projects, with Martin Chang, Gilbert Hoffman, Peirce Hammond, and William Hulten. Paul Hill and Iris Rotberg of NIE also contributed to the design and analysis of the research reported here.

The 13 demonstration districts participating in the study planned and implemented the funds allocation changes on which the report is based. Abt Associates, Inc., conducted the research to assess the effects of these allocation changes. James Vanecko was the project director and Francis Archambault, Nancy Ames, and Donald Muse also had major responsibilities for research design, data collection, and analysis.

The report was written by Ann Milne, based on analyses planned by James Vanecko of Abt Associates and herself. Special recognition is due to James Harvey

and Alison Wolf for their contributions to the integration and clarity of this report, to Janet Taylor for her assistance in data tabulations, and to Van Ring and Odean White for their assistance in typing the report.

Members of the NIE staff too numerous to mention have offered expert advice on research and helped select contractors. Special thanks are due Patricia Graham, Michael Timpane, and Corinne Rieder for their suggestions and contributions.

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SUMMARY

This report is based on the results of demonstration projects in 13 school districts that received special permission from the Commissioner of Education to use novel funds allocation procedures in their Title I programs. The demonstration projects are producing evidence about the practical consequences of the choice between poverty and achievement measures as criteria for allocating Title I funds to schools.

The demonstration projects, one of two major NIE studies of the use of student achievement measures for the allocation of Title I funds, are concerned with the allocation of Title I funds within school districts. The companion study, reported in another volume in this series, focuses on the consequences of using achievement test scores as the criterion for allocating Federal funds to States and school districts.

Specific provisions of the Congressional mandate for NIE's study permitted NIE to establish "working models" of alternatives in the Title I funds allocation process that Congress considered during deliberations on the Education Amendments of 1974.

Most of the districts conducting demonstration projects no longer use standard poverty-based procedures for allocating Title I funds and now use achievement eligibility criteria. In addition, they are altering the numbers of schools and students receiving Title I services. While the participating districts changed their funds allocation procedures, NIE carefully monitored their progress in order to learn about the ways in which the changes affect the day-to-day operation of the Title I program.

The purpose of this report is to present the results of the first 2 years of NIE's research on the demonstration projects. It analyzes the changes that occurred between the 1975-76 school year, during which the districts continued to allocate funds as before, and the 1976-77 school year, during which new funds allocation criteria were introduced. The report covers three areas where, as a result of the new criteria, changes were likely: (1) the numbers of schools and students served by Title I; (2) the characteristics of students served by Title I; and (3) the services which Title I students receive.

The demonstration districts served substantially more schools and students as a result of the allocation changes. Although the size of the basic Title I grant remained stable, districts supplemented the Title I teaching staff with staff paid for by other sources. However, the staff increase only partially compensated for the increased number of students.

The demonstration also affected the relative proportions of low-achieving, poor, and minority students in the Title I population. The change to achievement criteria, combined with more restrictive student eligibility criteria in many schools, enabled districts to select low-achieving children more directly than they had under standard procedures. Therefore, the proportion of these children in Title I programs was higher in the 2d year of the demonstration. In contrast, the proportion of poor children in the Title I population was lower, since most districts no longer used poverty criteria to select eligible schools. There was also a small decrease in the proportion of minority students in the Title I population, although there was no consistent relationship between the specific school selection criterion used and the proportion of minority children served.

Because most of the districts increased the total number of students they served under Title I in the 2d year, the absolute numbers of poor and minority children served increased at the same time that their proportion in the Title I population decreased. Thus, districts served more poor and minority children, as well as more low-achieving children, as a result of the demonstration. The increase in numbers of children served was most dramatic for the low-achieving group, but substantial for all groups.

In order to serve additional children, the demonstration districts reduced the intensity of services they provided to each child. Children in these districts spent less time in compensatory instruction than they had before the allocation changes. However, districts did not make fundamental variations in their compensatory instructional strategies. The nature of Title I services—the size of the instructional group and the qualifications of the teaching staff—did not change as a result of the demonstration.

Although the increase in students served resulted in some loss of instructional time for each student, the time lost was relatively small compared to the number of additional students receiving Title I services. Many districts assigned additional staff in order to avoid large reductions in their programs. The additional staff did not fully compensate for the student increase, and the ratio of staff to students was lower as a result of the demonstration.

Based on the research findings, it is clear that each district had a model of the "appropriate" structure of a compensatory program and resisted downgrading this model by, for example, substantially increasing group size or hiring less expensive staff. In many cases, districts used funds from sources other than the basic Title I grant in order to maintain the quality of their program. It is likely that these additional funds would not be available over an extended period of time. Therefore, if districts continued to serve increased numbers of Title I students for a number of years, the reduction in intensity of services would probably be greater than that observed in the demonstration districts.

THE NIE COMPENSATORY EDUCATION STUDY

REQUEST FOR THE STUDY

The Education Amendments of 1974 (Public Law 93-380), the major education legislation of the 93d Congress, extended and changed the Elementary and Secondary Education Act (ESEA) of 1965 and extended other Federal education programs, including the Education of the Handicapped Act and the Adult Education Act, as well as the impact aid, Indian education, and emergency school aid programs.

The law also directed various Federal agencies to conduct studies and surveys so that Congress might have the benefit of more up-to-date and accurate information during its future consideration of legislation to assist elementary and secondary education. Among these directives is Section 821 of the Education Amendments, which instructs the National Institute of Education (NIE) to conduct a study of compensatory education, including compensatory programs financed by States and those funded under authority of ESEA Title I.

Compensatory education includes a number of Federal and state programs in addition to ESEA Title I. The relative size, scope, and long history of Title I mark it as the most important of the compensatory education programs. In order to ensure adequate depth and scope for the study, NIE chose to focus most of its attention on Title I. In 1977, that title, the largest Federal education effort at the elementary and secondary level, provided over $2 billion, most of which was used to fund educational programs for low-achieving students in school districts serving children from low-income families.

Specifically, Section 821 instructs the Institute to conduct a study incorporating:

- An examination of the fundamental purposes and effectiveness of compensatory education programs

- An analysis of the ways of identifying children in greatest need of compensatory education

- An exploration of alternative ways of meeting these children's needs, including the use of written educational plans

- An examination of the feasibility, cost, and consequences of alternative ways of distributing Federal compensatory education funds

- Not more than 20 experimental programs for the purpose of examining the issues above

The relevant sections of the 1974 statute authorizing the study are reproduced in Appendix A.

Section 821 also directs the Presidentially appointed National Advisory Council on the Education of Disadvantaged Children to advise the Institute on the design and execution of the study.

Finally, the law, as amended by Public Law 94-482, requires NIE to submit interim reports to the President and Congress on December 31, 1976, and on September 30, 1977, and to submit a final report in September 1978.

LEGISLATIVE BACKGROUND

The breadth of the examination of compensatory education requested of NIE, ranging from the allocation of funds to specific instructional approaches, reflects a number of concerns which figured prominently during the 1974 Congressional consideration of the extension of ESEA Title I. Among these concerns were:

- The effects of altering the definition of poverty used in the Title I allocation formula

- The feasibility of using measures of student achievement rather than numbers of low-income children in the formula

- The possibility of requiring individualized programs of instruction for each student participating in a Title I program

- The merits of requiring school districts to spend as much as 85% of their Title I grants on basic skills instruction in reading and mathematics

- The relatively narrow focus of most prior efforts to evaluate the effectiveness of Title I

RESEARCH STRATEGY

Like the provisions that authorized the study, therefore, NIE's evaluation adopted a wide focus during its examination of compensatory education. Essentially, the Institute has interpreted the provisions of Section 821 as constituting two major requests from Congress. The first requires an assessment of the effectiveness of compensatory education programs in meeting their fundamental purposes; the second requires an examination of several alternatives which might improve the effectiveness of compensatory education programs.

In response to these requests, NIE developed a strategy designed to produce a complete understanding of how the Title I program operates in practice as well as how it might change if any of several alternatives were adopted. The strategy involved the examination of four major areas:

- Funds allocation

- Service delivery

- Student development

- Program administration

The study defined the first three of these areas as the "fundamental purposes" of Title I. The fourth was examined in order to determine how the administrative structure required to implement such a large education program promotes the achievement of the program's purposes as well as how program administration might be improved.

FUNDAMENTAL PURPOSES

To examine the fundamental purposes of compensatory education programs, it is necessary to distinguish the broad philosophical concerns that may have motivated the program's originators from the more concrete operational purposes that are built into the program.

The originators of compensatory education efforts, such as Title I, may have had in mind some very general objectives, including helping to eliminate poverty, contributing to the redistribution of wealth and opportunity, reforming education, and symbolizing society's commitment to helping the disadvantaged. Although it is possible to speculate about what their motivations might have been, the debates, statutes, and official legislative reports that established the program contain a specific set of fundamental purposes, which were described in some detail in the Institute's December 1976 publication, Evaluating Compensatory Education: An Interim Report on the NIE Compensatory Education Study. These purposes, clearly discernible in the statute and accompanying formal Congressional statements, are:

(1) To provide financial assistance to school districts in relation to their numbers of low-income children and within those districts to the schools with the greatest numbers of low-income students

(2) To fund special services for low-achieving children in the poorest schools

(3) To contribute to the cognitive, emotional, social, or physical development of participating students

These three goals of Title I are consistent with one another, but each is not equally important to all Members of Congress. Congressional debates, and even the language of different parts of committee and conference reports, suggest that Members of Congress differ among themselves about the relative importance of the respective purposes. Some Congressional statements imply that the purposes form a hierarchy in which Title I delivers funds and provides services only to increase children's academic achievement (thus making the third the most important). Other statements, however, make it clear that the allocation of funds and delivery of services are important ends in themselves and may, in fact, define the practical limits of Federal action to promote the development of children.

STRATEGY FOR ASSESSING COMPENSATORY EDUCATION

The evaluation of Title I must start from the recognition that the program has several goals, and to focus exclusively on one, improperly ignores the others. Evaluation must also acknowledge that Title I operates through the Federal system and that state and local governments determine what it will be in practice. Although there is only one Federal Title I program, i.e., only one basic framework of laws and policies, it operates differently in every State, in 14,000 school districts, and in countless classrooms. Thus, to understand and evaluate Title I it is necessary to consider the ways in which Federal policy interacts with the actions of States and local educational agencies (LEAs) that actually implement the program.

The early national evaluations of Title I considered only the third goal—contributing to children's development—and often rendered judgments on the efficacy of the program without accounting for the diverse ways in which LEAs had implemented it. Those evaluations overlooked some important truths about Title I: it has several objectives, and under it LEAs deliver a range of services with a variety of aims and emphases to a diverse set of beneficiaries. In contrast to earlier evaluations, therefore, NIE's strategy is designed to (1) provide clear information about what Title I is accomplishing toward achievement of each fundamental purpose and (2) examine the implications of alternative ways of organizing the efforts of the Federal, state, and local governments to achieve these purposes.

THE REPORT

This volume is one of several intended to comply with the statutory requirement that a second interim report be completed not later than September 30, 1977. It presents the results of NIE's research on the effects of using student achievement measures to allocate Title I funds within school districts. The research is based on the results of demonstration projects in 13 school districts across the country.

Five additional reports will be published on the following topics:

- The compensatory services delivered by local educational agencies
- Administration of compensatory education
- The effects of using counts of low-income children in allocating funds
- The feasibility, costs, and consequences of using counts of low-achieving children in allocating Title I funds to school districts
- Student development in compensatory programs

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CHAPTER I. INTRODUCTION

The demonstration projects are one of two major National Institute of Education (NIE) studies on the use of student achievement measures for the allocation of Title I funds. This report is based on the results of demonstration projects in 13 school districts that received special permission from the Commissioner of Education to use novel funds allocation procedures in their Title I programs. The demonstration projects are intended to produce evidence about the practical consequences of the choice between using poverty and achievement measures as criteria for allocating Title I funds to schools.

The second NIE study, reported in another volume in this series, focuses on the consequences of using achievement test scores as the criterion for allocating Federal funds to States and school districts.

The demonstration projects, and the approvals which made them possible, are based on specific provisions of the Congressional mandate for NIE's study.[1] The mandate permitted NIE to establish working models of changes in the Title I funds allocation process which Congress considered during deliberations on the Education Amendments of 1974.

Districts conducting demonstration projects have changed from the standard poverty-based procedures for allocating their Title I funds and are now using a number of alternative criteria and processes. As the participating districts changed their funds allocation procedures, NIE carefully monitored their progress in order to learn about the ways in which changes in the funds allocation process affect the day-to-day operation of the Title I program.

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[1] Sections 821(a)(5) and 150 of Public Law 93-380, which authorized these studies, are reproduced in Appendix A. Title I regulations pertaining to within-district allocation are reproduced in Appendix B.

For this purpose, NIE designed a 3-year study. The demonstration districts operated their Title I programs using standard allocation procedures in the first school year (1975-76) and are operating under the new allocation procedures in the following 2 years.

NIE's research had three basic objectives: (1) to document the ways in which the flow of Title I funds to schools and students changed as a result of new funds allocation processes; (2) to determine the effects of changes in funds allocation on the characteristics of students served by Title I; and (3) to determine how the quality and intensity of services received by those students were affected.

This report presents NIE's findings on the first 2 years of the demonstration projects. This chapter describes the actual changes in funds allocation procedures that the 13 districts chose. Both the general elements of the current funds allocation procedures that districts were interested in changing and the specific changes implemented in each of the districts are discussed.

DISTRICT SELECTION

To initiate the demonstration projects, NIE invited all States and territories to submit proposals for changes in the Title I funds allocation process in two of their school districts. States and territories forwarded more than 20 district proposals, and NIE selected 16 on the basis of criteria such as relevance to the questions under consideration, the districts' ability to manage and administer the new procedures, and geographical representation. Consistent with the statute establishing the demonstration projects, only proposals that had the support of local parent advisory councils were considered. At the end of the planning year (1975-76), three districts withdrew from the study. Currently, there are 13 districts implementing allocation changes.

The principal objective of the study was to examine the effects of permitting school districts to use new methods, including achievement criteria, in determining eligibility for Title I resources. In addition, districts could change the way they allocated Title I resources so as to serve more schools and students or to concentrate on fewer.

Districts could implement achievement-based funding without changing the total number of schools and students served or the level of services received by participating students. Conversely, without changing their eligibility criteria, districts could expand or limit the numbers of students served.

Districts choosing to respond were obviously attracted to the alternatives presented by NIE. An examination of the reasons for participating given by the 13 districts shows six major motives. In order of frequency, they are:

- Desire to serve both schools and students on the basis of educational disadvantage[2]
- Desire to continue to serve students who are no longer eligible for services because of desegregation[3]
- Desire to eliminate the "stigma" of Title I as a special poverty or minority program[4]
- Desire to eliminate the distributional inequities caused by the lack of reliability and/or validity of available poverty indices[5]

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[2] This issue was raised by six districts—Adams County #12, Boston, Charlotte, Harrison County, Mesa, and Santa Fe.

[3] This issue was initially raised by five of the six districts that have desegregated since 1970—Racine, Charlotte, Winston-Salem, Boston, and Houston. Though the sixth, Newport, did not mention this issue in its application, desegregation apparently was a factor in its final decision to serve all schools.

[4] Five districts—Charlotte, Newport, Mesa, Winston-Salem, and Yonkers—cited this rationale.

[5] Four districts—Berkeley, Boston, Mesa, and Winston-Salem—expressed concern that standard poverty measures may be outdated and may lack reliability or validity.

- A general preference for achievement measures over poverty as funds allocation criteria[6]

- Desire to make programmatic changes that increase the efficiency of service delivery[7]

Because these districts tend to concentrate their Title I programs in the elementary schools, the discussion throughout the report focuses on the elementary school level.

The districts participating in the demonstration study are not a statistically random sample of the nation's local educational agencies (LEAs). However, the demographic characteristics of the 13 districts are similar to the range of district characteristics described by NIE's National Survey of Compensatory Education.[8]

It is important to emphasize that these districts volunteered for the demonstration study; they are not representative of all LEAs. NIE does not have an estimate of how many other districts would have been interested in implementing the alternatives. Hence, caution should be used in generalizing from the results of the demonstration study.

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[6] Three districts—Mesa, Houston, and Winston-Salem—expressed a preference for achievement criteria over poverty criteria.

[7] Berkeley County, Alum Rock, and Yonkers regarded the demonstration projects as an opportunity to improve their compensatory education services while reaching more children within schools.

[8] Geographically the demonstration districts are widely distributed and cover a wide range of sizes, with the exception of very small districts (enrollment below 4,359). They are generally similar to the 100 National Survey districts in terms of demographic variables including family structure, income levels, educational attainment, occupational structure, ethnic/language composition, mobility, and age distribution. The Title I programs offered by the participating districts before the demonstration began were also similar to the average of the 100 National Survey districts in that they tend to focus their Title I funds on basic skills, especially language arts and reading.

ELIGIBILITY CHANGES

Under standard Title I regulations governing school eligibility, only those attendance areas possessing a number or proportion of poor children above the district average are eligible for Title I services. Within the schools, students are deemed eligible for services on the basis of educational need, regardless of family income. All districts changed their eligibility criteria for schools or students or both.

School Eligibility

During the 1975-76 planning year, all of the demonstration districts used poverty criteria to qualify schools. During 1976-77, nine of the districts elected to eliminate poverty as a determinant of school eligibility, two districts elected to use achievement criteria in conjunction with poverty criteria, and two districts used poverty criteria exclusively.

Student Eligibility

During the 1st year, the demonstration districts, like other districts in the country, used achievement criteria to qualify students as eligible to receive Title I services and generally gave priority to the lowest achieving eligible children. In the 2nd year, 10 of the districts continued to follow the same general procedure, and 3 districts used new student eligibility procedures. In Alum Rock and Yonkers, all students in certain Title I schools, rather than only the lowest achieving students, were eligible to receive services. Newport redefined "educational need" to include an estimate of the student's learning potential. Students with the highest discrepancy between potential and achievement (and with achievement below the 50th percentile) received services first.

ELIGIBILITY CRITERIA CHOSEN BY DEMONSTRATION DISTRICTS

The districts are grouped into the following general types based on the school and student eligibility criteria they selected.

Direct Allocation

Six districts are serving all low-achieving students (variously defined by different districts) regardless of the school they attend. Therefore, the school is bypassed in determining eligibility, and all schools within a given grade span are eligible for, and receive, services. Districts using this approach are:

- Adams County #12, Colorado (elementary grades 1-3)
- Harrison County, West Virginia (elementary schools)
- Mesa, Arizona (elementary, junior high, high schools)
- Newport, Rhode Island (elementary schools)[9]
- Racine, Wisconsin (elementary schools)
- Santa Fe, New Mexico (elementary schools)

Ranking Schools by Achievement

Two districts are ranking schools solely on the basis of achievement, with all schools below a specified cutoff level considered eligible for Title I services. As a result, some schools that were served previously are not receiving any Title I services this year, while other schools are receiving services for the first time. These districts are:

- Charlotte, North Carolina (all elementary schools with 35% or more of the students performing below the 30th percentile)
- Winston-Salem, North Carolina (all elementary schools with 40% or more of the students performing below the 35th percentile)

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[9] Newport continued to serve junior high and senior high schools in 1976-77 but made changes in student eligibility criteria only in the elementary schools.

Ranking Schools Primarily by Poverty

Three districts are ranking schools by achievement and/or poverty criteria. These districts are:

- Boston, Massachusetts (all grade levels)
- Houston, Texas (elementary schools)
- Berkeley County, West Virginia (elementary schools)

Boston ranked schools primarily by poverty and continues to serve schools qualifying under this criterion. Boston ranks the rest of its schools by achievement, and several are served on the basis of their achievement rank. Houston ranks schools primarily by achievement and serves several new schools on that basis but also continues to serve schools which previously qualified by poverty criteria. Berkeley County continues to rank schools exclusively by poverty.

Primarily Intraschool Changes

Two districts are attempting to serve all of their students in half of their Title I schools. These districts are:

- Alum Rock, California (elementary and middle schools)
- Yonkers, New York (elementary schools)

With respect to school eligibility, Alum Rock serves all schools in the district; Yonkers continues to rank schools by poverty.

RESOURCE DISTRIBUTION

The basic Title I regulation governing the distribution of Title I resources is that districts should concentrate their funds to ensure that a project is of "sufficient size, scope, and quality" to meet the needs of the children to be served. All of the demonstration districts served more schools in the 2nd year, and most of them served more students.

In some districts the increase in the number of schools served was matched by an increase in the number of students receiving services, so that approximately the same number of students per school were served. Unless funding were increased, this would have the effect of lowering per-pupil expenditures. Other districts serving more schools attempted to maintain the per-pupil expenditure level by serving fewer pupils in each school.

Nevertheless, the demonstration districts increased the resources spent on Title I services substantially during the 2nd year of the study. The end-of-year data on funding are still being analyzed. The additional money may have come from several sources including: (1) unspent Title I money that was carried over from previous years; (2) other Federal funds; (3) state compensatory funds; and/or (4) local funds.

It is not surprising that districts would increase their expenditures on compensatory education given the types of changes they attempted to implement. In the absence of a funding increase, the decision to increase the number of schools and students served would require a reduction in the intensity of the services offered to participating students or a change in the kinds of services provided. Although the additional expenditures provided a cushion against such reductions, they did not seem to be large enough to entirely offset the large increases in numbers served.

RESEARCH DESIGN

To determine the effects of the allocation changes, a sample of schools and students was selected within each district. Sample schools were of four types: (1) those receiving Title I services in both years; (2) those that did not receive services in either year; (3) those receiving Title I services the 2nd year, but not the 1st; and (4) those receiving services in the 1st year only. On the average, 80% of elementary schools in the districts were sampled.

Data on the overall operation of Title I programs in each district were collected from documents and informal interviews with district administrators. The information on allocation changes reported in Chapter II is based on these data. The change in the numbers of teachers involved with Title I is used as an indicator of the resources available in the demonstration districts.

Information on student characteristics (achievement level, poverty level, race, and ethnicity) was gathered for all 3d- and 4th-grade students in the sample schools (nearly 50,000 Title I and non-Title I students each year). The results on student characteristics reported in Chapter III are based on this information.

Chapter IV describes the compensatory services provided in the sample schools. More detailed information was required than could be collected for all 3d- and 4th-grade students. Therefore, in each year a smaller sample of students (one Title I and one non-Title I student per classroom, where possible) was selected so that their homeroom teachers and instructional specialists could describe the instructional and support services provided them. Homeroom teachers and instructional specialists reported the instructional practices followed with these children in both regular and compensatory programs. In addition, on two different days during the year, each sample student's educational experiences were described by the teacher for 10 minute intervals for the entire day. The information included the subject taught, group size, location, the type of instructor (specialist, classroom teacher, aide), and whether the instruction was regular or compensatory.

The major question addressed by the analysis was whether the characteristics of Title I students or the services received by them changed over the 2 years of the study. Direct comparison of Title I students in 1975-76 and 1976-77 was supplemented by a comparison of non-Title I students over the same 2 years. This second contrast was used to determine whether the differences observed between the Title I students over time were due to the demonstration, or whether they were changes that occurred for the district as a whole.[10]

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[10] For further detail on the research design, sampling strategy, and method of analysis, see Abt Associates, Inc., Technical Reports: J. Vanecko, F. Archambault, N. Ames, Research on Demonstration ESEA Title I Compensatory Education Projects: Implementation Designs and Research Plan, Volumes I and II, October 1977.

CHAPTER II. EXPANSION OF PROGRAM IN DEMONSTRATION DISTRICTS

The demonstration districts generally increased the number of Title I schools and
ents in the 2d year of the study. They also increased expenditures, as evidenced by
r assigning a significant number of additional teachers to Title I classes. This
oter describes these increases, and the tables provide detailed information on a
rict-by-district basis.

ANGES IN SCHOOLS AND STUDENTS

Table I presents the changes in the number of elementary schools served by
e I between the 1st and 2d years. The table shows that the demonstration districts
ed an average of 86% more schools after the allocation changes. Every district
one served a higher proportion of schools in the 2d year than in the 1st. The
est proportional increases occurred in districts that served low-achieving students
ll of their elementary schools.

There was also a large increase in the number of students served. Table 2 shows
the demonstration districts served about 71% more students in the 2d year of the
ly than they did in the 1st. Again, the largest average increase was in districts that
vided Title I services in all their elementary schools.

The table also shows the changes projected by the districts before the school
r began. Most of the districts served slightly fewer students than they had origi-
y planned. These differences were rather large in several districts, such as
rison County and Racine. Four districts served more students than expected.

Table 3 shows the changes in number of students served per school. Though most
ricts served more students overall in year 2 than in year 1, they tended to serve
er students in each school. Eight districts decreased the number of Title I children
each school, while five districts served more children per school. As noted in

TABLE I

CHANGES IN THE NUMBER OF PUBLIC ELEMENTARY SCHOOLS SERVED BY TITLE I IN THE DEMONSTRATION DISTRICTS

	1975-76			1976-77			
	Number of Public Elementary Schools (1)	Number Served by Title I (2)	Percent Served by Title I (3)	Number of Public Elementary Schools (4)	Number Served by Title I (5)	Percent Served by Title I (6)	Proportional Increases in Schools Served by Title I (7) = (5-2)/2
Districts that serve low-achieving students in all elementary schools							
Adams County #12	16	3	19	16	16	100	433
Harrison County	30	25	83	32	32	100	28
Mesa	25	14	56	25	25	100	79
Newport	9	3	33	9	9	100	200
Racine	33	16*	48	33	33*	100	106
Santa Fe	16	11	69	16	16	100	45
Districts that rank schools by achievement and serve fewer than all elementaries							
Charlotte	73	49	67	75**	57	76	16
Winston-Salem	37	13	35	37	24	65	85
Districts that rank schools primarily by poverty							
Berkeley County	13	10	77	14**	11	79	10
Boston	117	65	56	108**	75	69	15
Houston	169	54	32	169	58***	34	7
Districts making primarily intraschool changes							
Alum Rock†	19	9	47	18**	18	100	100
Yonkers	31	9	29	25**	9	36	0
Average							86

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*First-year schools in Racine are counted in the same way as 2d-year schools. Note that the 33 schools served in year 2 include 4 schools served with state compensatory education funds in the same manner as Title I schools. These schools will be funded by Title I in 1977-78 when state funds become unavailable.

**Changes in total number of elementary schools across years should be noted. These are due to school openings or closings.

***Five schools supported with state compensatory education funds are not counted in this total, even though they were made eligible under state-granted waivers, because other schools in the district also receive state funds.

†As Alum Rock shifted Title I money into new schools in the 2d year, it took from them equal amounts of money from other sources. There was no real change in the scale of the compensatory program in terms of schools served.

TABLE 2

CHANGES IN THE NUMBER OF PUBLIC ELEMENTARY STUDENTS SERVED BY TITLE I IN THE DEMONSTRATION DISTRICTS

	Number of Public Elementary Students Served by Title I in 1975-76* (1)	Number of Public Elementary Students Served by Title I in 1976-77** (2)	Actual Proportional Change June 1977 (3) = (2 - 1)/1	Projected Proportional Change December 1976*** (4)
stricts that serve w-achieving students all elementary schools				
Adams County #12	174	591	240%	240%
Harrison County	1,409	1,823	29%	88%
Mesa	2,494	3,229	29%	-39%
Newport	175	445	154%	154%
Racine	760†	1,552†	104%	158%
Santa Fe	735	1,149	56%	75%
stricts that rank hools by achievement d serve fewer than l elementaries				
Charlotte	6,440	5,924	-8%	6%
Winston-Salem	1,812	3,310	83%	72%
stricts that rank hools primarily by verty				
Berkeley County	630	1,106	76%	92%
Boston	10,130	10,572	4%	-7%
Houston	19,518	17,854	-9%	19%
stricts making primarily traschool changes				
Alum Rock	3,962	9,560	141%	40%
Yonkers	2,375	2,855	20%	62%
Average				74%

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*Figures updated from December report based on subsequent site visits.

**Based on district end-of-year reports submitted to NIE in June 1977.

**Projected percent change is derived from projected change in number of students served as reported in Evaluating Compensatory Education: An Interim Report on the NIE Compensatory Education Study, NIE, December 1976.

†Adjusted to incorporate students served in the new number of schools shown in Table 1.

TABLE 3

CHANGES IN THE NUMBER OF PUBLIC ELEMENTARY STUDENTS PER SCHOOL SERVED BY TITLE I IN THE DEMONSTRATION DISTRICTS

	Average Number Students Served per School* 1975-76 (1)	Average Number Students Served per School* 1976-77 (2)	Change in Average Number Served per School (3) = (2-1)	Proportional Change in Average Number Served per School (4) = (2-1)/1
Districts that serve low-achieving students in all elementary schools				
Adams County #12	58	37	-21	-36%
Harrison County	56	61	5	9%
Mesa	178	129	-49	-28%
Newport	58	49	-9	-16%
Racine	48	47	-1	-2%
Santa Fe	67	72	5	7%
Districts that rank schools by achievement and serve fewer than all elementaries				
Charlotte	131	104	-27	-21%
Winston-Salem	139	138	-1	-1%
Districts that rank schools primarily by poverty				
Berkeley County	63	101	38	60%
Boston	156	143	-13	-8%
Houston	361	308	-53	-15%
Districts making primarily intraschool changes				
Alum Rock	440	531	91	21%
Yonkers	264	317	53	20%
Average				-1%

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*Average number of students served per school in each year is obtained by dividing the total number of elementary students served by Title I in each year by the total number of elementary schools served each year.

hapter I, if districts serve fewer students in each school, this can help offset the ffects of increasing the number of schools served.

HANGES IN FUNDS AND TEACHING STAFF

Participation in the demonstration program did not change the size of the Title I rant received by a district. However, most districts spend more on their Title I rojects in the 2d year than in the 1st. One indicator of the increase in expenditures is e rise in the number of compensatory teaching staff assigned to teach Title I udents in elementary schools. Table 4 shows the proportional changes in compen- atory teachers in each district.[1] The average increase was approximately 44%, hich, though large, does not match the 71% increase in number of students served.

The demonstration districts' Title I grants in the 2d year were, on average, only % higher than in the 1st year. In addition, unspent Title I funds from previous years ould be carried over to the next year. The extra funds available from both sources eant that, on average, districts had 27% more Title I money available in the 2d year an they had spent in the 1st. Data on the districts' actual expenditures during the 976-77 school year were not available until September 1977. It is possible, however, identify the Title I funds available for spending on compensatory services. Table 5 rovides a district-by-district breakdown of the Title I funds available in the 2d year ompared to the previous year's expenditures. In addition, some districts spent funds rom other local, state, and Federal sources on their Title I programs. Subsequent eports will analyze district expenditures and the contribution of carryover and other unds to the expansion of the programs.

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[1] ecause some districts supplied only total numbers of staff hired, and not full-time quivalents, further analysis will be required to convert the data in Table 4 to full- ime equivalent staff.

TABLE 4

CHANGES IN ELEMENTARY SCHOOL COMPENSATORY TEACHING STAFF ASSIGNED TO TITLE I STUDENTS*

	Number of Staff		Proportional Change
	1975-76 (1)	1976-77 (2)	(3) = (2-1)/1
Districts that serve low-achieving students in all elementary schools			
Adams County #12	5	12	140%
Harrison County	44	44	0%
Mesa	41	59	44%
Newport	7	19	171%
Racine	44	98	123%
Santa Fe	24	30	25%
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	236	249	6%
Winston-Salem	67	114	70%
Districts that rank schools primarily by poverty			
Berkeley County	41	40	-2%
Boston	438	515	18%
Houston	471	438	-7%
Districts making primarily intraschool changes			
Alum Rock	52	45	-13%
Yonkers	86	86	0%
Average			44%

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*From district end-of-year reports submitted to NIE, June 1977.

TABLE 5

TITLE I FUNDS AVAILABLE IN THE DEMONSTRATION DISTRICTS IN 1976-77 RELATIVE TO TITLE I EXPENDITURES IN 1975-76*

	Title I Funds (From Part A, 1975-76 Plus Carryover, 1974-75) Spent in 1975-76 (1)	Title I Funds (From Part A, 1976-77 Plus Carryover, 1975-76) Available in 1976-77 (2)	Proportion of Funds Available in 1975-77 Above 1975-76 Expenditures (3) = (2-1)/1
stricts that serve w-achieving students all elementary schools			
Adams County #12	151,677	179,686	18%
Harrison County	393,562	858,388	118%
Mesa	368,218	452,572	23%
Newport	281,580	488,203	73%
Racine	1,072,946	1,249,876	16%
Santa Fe	667,625	689,441	3%
istricts that rank chools by achievement nd serve fewer than ll elementaries			
Charlotte	2,271,435	2,865,863	26%
Winston-Salem	1,502,388	2,353,108	57%
istricts that rank chools primarily by overty			
Berkeley County	302,104	312,187	3%
Boston	8,509,642	9,726,470	14%
Houston	8,959,687	9,991,470	12%
istricts making primarily ntraschool changes			
Alum Rock	910,872	947,769	4%
Yonkers	1,744,663	1,509,104	-15%
Average			27%

From district end-of-year reports, June 1977.

CHAPTER III. CHANGES IN CHARACTERISTICS OF STUDENTS SERVED

INTRODUCTION

The demonstration districts changed either the eligibility criteria used for schools and students, the degree to which they concentrated funds, or both. Any of these changes could be expected to alter the characteristics of the students served. Therefore, NIE examined how the demonstration projects affected participation in Title I of students who were low-achieving, poor, or from minority groups.

The change to achievement as the eligibility criterion enabled districts to select low-achieving children more directly than they had under standard procedures. Thus, the proportion of low-achieving children in the Title I population is likely to be higher as a result of the demonstration projects. This effect of the eligibility criterion is likely to be reinforced in districts that serve small numbers of students in all their schools, because it is possible for them to serve only the very lowest achieving students in each school.

In contrast, the proportion of poor children in the Title I population is likely to decrease. Selecting schools for Title I services on the basis of criteria other than poverty is likely to decrease the proportion of low-income students served. When districts serve all their schools, they are bound to add students from areas with a higher average income.

The likely effect of the demonstrations on the proportion of minority children in the Title I population is impossible to predict; it might depend on factors extraneous to the demonstration, such as the distribution of minority children across schools in the district.

Because most of the demonstration districts increased the total numbers of students served under Title I in the 2d year, they could have served a greater absolute number of poor or minority children even if the proportion of these children in the Title I population decreased. In other words, districts might include more children of each type in their Title I programs.

The following sections present detailed analyses of changes in student characteristics. They present data on:

- The general characteristics of students in Title I schools
- The proportion of low-achieving children in the Title I population
- The proportion of poor and minority children in the Title I population
- The total numbers of low-achieving, poor, or minority children served by the districts

Student characteristics were defined in the following ways:

- Percent low-achieving—proportion of students whose reading achievement is 1 year or more below grade level
- Percent poor—proportion of students who receive free or reduced-price lunch.[1]
- Percent minority—proportion black, Spanish American, Asian or Pacific Islander, and American Indian or Alaskan native

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[1] Information based directly on family income is available for a smaller sample.

Information on these characteristics is based on responses of classroom teachers to questions about the characteristics of every child in grades 3 and 4 in the sample schools.

CHANGES IN CHARACTERISTICS AT SCHOOL LEVEL

Table 6 compares demographic characteristics of student bodies in schools served by Title I in the 1st year with those in schools served in the 2d year of the study.

TABLE 6

CHARACTERISTICS OF STUDENTS IN TITLE I SCHOOLS IN DEMONSTRATION DISTRICTS (percentages)

		1976-77		
	1975-76 Schools	Schools Served in Both Years	Schools Served in Year 2 Only	Average*
Percent reading 1 year or more below grade level	35	37	28	35
Percent receiving free or reduced lunch	54	55	37	49
Percent minority	44	44	36	41

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*Average percent of students with given characteristics in each school type, weighted by the proportion of each school type in the sample.

The districts' new allocation patterns resulted in funding schools that differed markedly from those selected for Title I under the criteria used in the 1st year of the study. A comparison of schools served only in 1976-77 with schools served in 1975-76 shows that schools funded only in the 2d year had a smaller percentage of students who were low-achieving, poor, or from minority groups. However, the effect of the changes on the characteristics of the student body as a whole were less marked (Column 4), and the average percentage of low achievers in Title I schools as a whole was the same in both years.

Much of this change can be attributed to the fact that a number of districts served children in all schools, so the characteristics of the student body in the 2d year represent those of the district as a whole. In districts not serving all schools, the student bodies in schools served only in year 2 were also somewhat less poor and low-achieving than in the other groups of schools, but the differences were much less pronounced.

CHILDREN SERVED

The schools added in the 2d year of the demonstration had lower concentrations of low-achieving, low-income, and minority students. However, many districts altered the numbers served in each school. Therefore, it cannot be assumed that students from the new schools who actually received services differed in a comparable way from children targeted under the old allocation procedures. In fact, Title I students served in the 2d year of the study included a smaller percentage of poor and minority children than before, but the percentage of low achievers actually increased.

Low-Achieving Children

Table 7 shows that the proportion of low-achieving students in the Title I group was higher in the 2d year than the 1st. The average difference across all districts was rather small. However, several districts that allocated funds on the basis of achievement showed increases in the proportions of low-achieving students served that were large and statistically significant. The three districts that continued to rank schools primarily by poverty served either a reduced percentage of low-achieving children in the 2d year or experienced no change.[2]

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[2] These analyses were replicated for children scoring half-a-year or more below grade level. Table C-1 presents the results. Gains in proportions of low-achieving children were generally smaller using this criterion. This finding is reasonable, because many districts changed their allocation procedures to direct services to the lowest achieving children, rather than to those only a little below grade level. Using this criterion, the average proportion of low-achieving children in the Title I population was above 80% in each year, rather than below 70%.

TABLE 7

PERCENT OF TITLE I STUDENTS IN DEMONSTRATION DISTRICTS WHO READ 1 YEAR OR MORE BELOW GRADE LEVEL

	1975-1976 (Percent) (1)	1976-1977 (Percent) (2)	Change (2-1)
Districts that serve low-achieving students in all elementary schools			
Adams County #12	83	74	-9
Harrison County	67	68	1
Mesa	44	62	18*
Newport	53	66	13
Racine	60	58	-2
Santa Fe	64	72	8*
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	83	79	-4**
Winston-Salem	72	88	16*
Districts that rank schools primarily by poverty			
Berkeley County	79	67	-12**
Boston	65	64	-1
Houston	67	67	0
Districts making primarily intraschool changes			
Alum Rock	49	54	5*
Yonkers	61	72	11**
Average	65	69	4

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*Significant at $P \leq .05$

**Significant at $P \leq .05$, but accompanied by changes in the non-Title I group.

This result is not entirely the effect of using achievement criteria to allocate funds. It also reflects the fact that some, though not all, districts with significant rises in the proportion of low achievers served also reduced the number of students served in each eligible school. They could, therefore, focus to a greater extent on the lowest achieving students in each school. Figure I illustrates this point; in general, it indicates that districts that reduced the proportion of students served in each school increased the proportion of low-achieving students served.[3]

Poor Children

Table 8 shows the percent of Title I students in the demonstration districts who received free or reduced-price lunches in each year of the demonstration. It indicates that the average proportion of poor students in the Title I population was 6 percentage points lower after the allocation changes than before. Nine of the 13 districts account for this change: the 6 districts that served all their elementary schools; Charlotte, which ranked schools by achievement criteria; and Alum Rock and Yonkers, which made intraschool changes.

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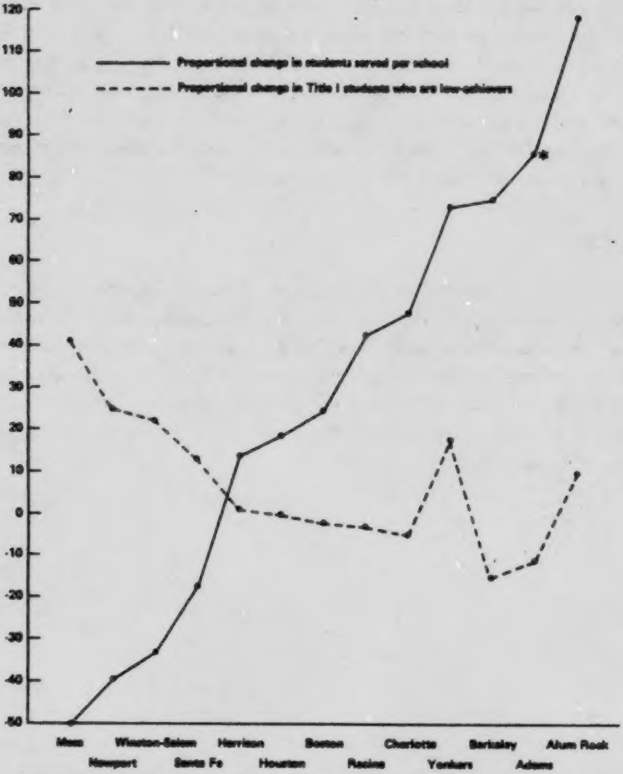
[3] Alum Rock and Yonkers, the districts that made primarily intraschool changes and served more students per school, also increased the relative proportion of low-achieving children served. This increase was due to factors extraneous to the demonstration. In Alum Rock, 85% of the students scored below the 50th percentile, so there was a large pool of low-achieving children from which to select Title I students. In Yonkers, a number of schools were closed at the end of 1975-76 for fiscal reasons, and low-achieving students from these schools went to the remaining Title I schools, thereby increasing the proportion of low-achieving children in these schools in year 2.



*This figure reflects change in students served per school in Adams County, rather than students served per grade, because the district served grades 3 and 4 in year 1 and only grade 3 in year 2.

FIGURE 1. PROPORTIONAL CHANGE IN PERCENT OF TITLE I STUDENTS WHO ARE LOW ACHIEVING AS A FUNCTION OF PROPORTIONAL CHANGE IN STUDENTS SERVED PER SCHOOL[4]

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[4] Data on change in students served per school are derived from the experimental rosters for grades 3 and 4, rather than from the total change in elementary students served as shown in Chapter II.

TABLE 8

PERCENT OF TITLE I STUDENTS IN DEMONSTRATION DISTRICTS WHO RECEIVE FREE OR REDUCED-PRICE LUNCHES

	1975-1976 (Percent) (1)	1976-1977 (Percent) (2)	Change (2-1)
istricts that serve low-achieving tudents in all elementary schools			
Adams County #12	24	21	-3
Harrison County	65	58	-7*
Mesa	43	32	-13*
Newport	77	62	-15
Racine	44	42	-2
Santa Fe	86	75	-11*
istricts that rank schools by chievement and serve fewer han all elementaries			
Charlotte	73	61	-12*
Winston-Salem	64	71	7*
istricts that rank schools rimarily by poverty			
Berkeley County	57	57	0
Boston	91	92	1
Houston	83	85	2
istricts making primarily ntraschool changes			
Alum Rock	89	78	-11*
Yonkers	85	72	-13*
Average	68	62	-6

Significant at P ≤ .05.

Clearly, the change from a poverty-based allocation system to an achievement-based system affected the poverty level of the Title I-served population. The average poverty level of the Title I students tends to reflect the poverty level of their schools, many of which have fewer poor than the schools receiving Title I before the demonstration changes. Thus, the gain in the proportion of low-achieving children in the Title I population was accompanied by a loss of poor children.

Another poverty measure was obtained from family income data derived from interviews with the parents of a subsample of these 3d and 4th graders. Family income figures were converted to various proportions of the Orshansky poverty index.[5] The data are presented in Table C-2; they confirm the finding that poor students account for a relatively lower proportion of the Title I group in the 2d year of the study.

Minority Children

Table 9 shows that the proportion of minority children in the Title I population decreased by an average of 3 percentage points between the 1st and 2d years of the study. Although the percentage of minority children served decreased in 8 of the 13 districts, no consistent relationship between the specific school selection criterion used and the proportion of minority children served can be discerned.

Increase In Low-Achieving, Poor, or Minority Students Served by the Districts

Although the proportion of the Title I-served population that was either poor or minority decreased in the demonstration districts, it is possible that larger absolute numbers of poor and minority children were actually served, because the districts generally served so many more children.

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[5] The Orshansky poverty index sets poverty-level incomes by estimating the costs of adequate diets for different sizes and types of families, and the typical costs of other goods and services relative to food expenditures.

TABLE 9

PERCENT OF TITLE I STUDENTS IN DEMONSTRATION DISTRICTS WHO ARE MINORITY GROUP MEMBERS

	1975-1976 (Percent) (1)	1976-1977 (Percent) (2)	Change (2-1)
Districts that serve low-achieving students in all elementary schools			
Adams County #12	19	26	7
Harrison County	6	4	-2
Mesa	29	24	-5
Newport	21	24	3
Racine	43	43	0
Santa Fe	87	83	-4
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	67	60	-7*
Winston-Salem	54	62	8*
Districts that rank schools primarily by poverty			
Berkeley County	11	8	-3
Boston	73	73	0
Houston	99	98	-1
Districts making primarily intraschool changes			
Alum Rock	87	78	-9**
Yonkers	89	70	-19*
Average	53	50	-3

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*Significant at P ≤ .05.

**Significant at P ≤ .05, but accompanied by change in the non-Title I group.

In fact, increasing the number of children served by Title I led naturally to an increase in the portion of the low-achieving, poor, or minority population receiving services. As shown in Tables C-3, C-4, and C-5, most districts have extended Title I services to larger proportions of all their disadvantaged students.[6]

Most districts are also delivering services to a larger proportion of their higher achieving and nonpoor populations (see Tables C-7 and C-8). This is also a result of increasing the numbers of students served. The cost of these increases to the intensity of the Title I services is discussed in the next chapter.

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[6] In increasing the total number of low-achieving children served, districts had a choice between serving additional children in their old Title I schools or expanding services to more schools. Most districts chose the latter alternative. However, districts could also have served additional low-achieving children by serving more children in existing Title I schools. Table C-6 illustrates this point: Before the allocation changes, an average of 21% of the students scoring 1 year or more below grade level were in Title I schools and did not receive Title I services. Eight of these districts could have made an equal or greater increase in the percent of their low-achieving children served by serving all low achievers in existing Title I schools.

CHAPTER IV. CHANGES IN SERVICES

INTRODUCTION

The funds allocation changes implemented in the demonstration districts involved not only the use of achievement criteria to determine school and student eligibility but also substantial changes in the concentration of funds so more students could be served in the Title I program. Because most of the demonstration districts served substantially more schools and students in the 2d year, there is every reason to expect that the services provided to the students changed in some way. As noted in Chapter I, most districts spent more money on their Title I programs in the 2d year. As a result, the nature and intensity of Title I services probably changed less than they would if districts had been unable to channel extra resources into their compensatory education programs. The use of those extra resources did not fully compensate for the increase in the numbers of students. However, they clearly helped cushion the magnitude of the effects.

The analyses reported below provide detailed information on the changes in services. They focus on both the quantity of instruction received by Title I students and the quality of that instruction. The quantity of instruction is measured by the total amount of time (minutes per day) Title I students spend in language arts instruction.[1] Two indicators of instructional quality are used:

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[1] The analysis focuses on language arts instruction because Title I funds in the demonstration districts are used primarily for that purpose. The size of the mathematics program in these districts is too small to allow reliable analyses. The language arts analysis deals with only 12 districts because the student sample in the 13th was extremely small.

- Instructional group size, defined as the number of students in a class taught together for a particular activity
- Type of teacher, defined as the person responsible for the activity

The Nature of Title I Services

The indicators described above have been used by NIE to analyze the compensatory and regular instruction received by both Title I and non-Title I children in the demonstration districts prior to the allocation changes. Two results emerged from those analyses, which were presented in a previous report.[2] First, Title I services in every district were different and more intensive than regular instructional services. Second, Title I students in total spent more time in language arts instruction when both regular and compensatory instruction were combined than did non-Title I students. The analyses below compare the language arts services received by Title I students after the demonstration-induced changes were made with those received in the 1st year of the study.

CHANGES IN TITLE I SERVICES

Quantity of Instruction

The analysis shows that in 10 of the 12 districts Title I students received less time in compensatory instruction and more in regular classes.

Table 10 shows the amount of time per day that Title I students spent in compensatory, regular, and total language arts instruction for each district in the 1st year; the time spent in such instruction after the allocation changes; and the differences in instructional time between the 2 years.

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[2] For a more complete discussion of the findings, see Compensatory Education Services: A Report from the National Institute of Education. Washington, D.C.: July 1977, Chapter IV.

TABLE 10

TIME (MINUTES PER DAY) SPENT IN COMPENSATORY AND REGULAR LANGUAGE ARTS INSTRUCTION BY TITLE I STUDENTS IN THE DEMONSTRATION DISTRICTS*

	COMPENSATORY			REGULAR			TOTAL		
	1975-76**	1976-77***	Change	1975-76	1976-77	Change	1975-76	1976-77	Change
Districts that serve low-achieving students in all elementary schools									
Adams County #12	28	27	-1	109	117	3	137	144	7
Harrison County	28	30	2	120	116	-4	148	146	-2
Mesa	37	22	-15†	96	116	20††	133	138	5
Racine	34	25	-9†	112	124	12	146	149	3
Sante Fe	27	24	-3	111	107	-4	138	131	-7
Districts that rank schools by achievement and serve fewer than all elementaries									
Charlotte	35	27	-8†	97	94	-3	132	121	-11†
Winston-Salem	41	41	0	112	124	12††	153	165	12††
Districts that rank schools primarily by poverty									
Berkeley County	35	26	-9	111	141	30†	146	167	21
Boston	41	34	-7	90	106	16	131	140	9
Houston	38	34	-4	122	145	23†	160	179	19†
Districts making primarily intraschool changes									
Alum Rock	41	31	-10	68	95	27†	109	126	17
Yonkers	30	35	5	67	102	35††	97	137	40††
Average	35	30	-5	101	115	14	136	145	9

*Newport is excluded from analyses that depend on the classroom activities log (CAL) because the sample of students receiving language arts instruction was too small to permit reliable estimates. Program changes in Newport will be presented in technical reports to be published by Abt Associates, Inc., in October 1977.

**N=412.

***N=630.

†Change is significant at the .05 level.

††Change is significant at the .05 level, but occurs systemwide (for the non-Title I group as well).

The Title I sample used in these analyses is limited to those children who actually received compensatory language arts instruction.

The reduction in time spent in compensatory instruction was statistically significant in only three districts, but two others show losses of similar size. The losses in these five districts ranged from 8 to 15 minutes per day, which is equivalent to between 23% and 41% of the time received in compensatory language arts instruction in the previous year. No district provided students with substantially more time in compensatory instruction as a result of the demonstration.

The decreased time in compensatory instruction is probably due in part to a reduction in the average length of the Title I language arts instructional periods. The districts reduced the average length of their language arts periods by as much as 8 minutes per day; the average decrease was 3 minutes.[3]

Though Title I students in most districts spent less time in compensatory language arts instruction, they spent more in regular language arts classes. In part, this simply reflects the fact that Title I students were pulled out of their regular classes for shorter periods of time to receive compensatory instruction. However, there are several districtwide increases in time devoted to language arts that probably were not related to the demonstration. In these districts, students spent substantially more additional time in regular instruction than they lost in compensatory instruction.

The net result of these changes in instructional time is that students in the demonstration districts received more time in language arts in year 2 than in year 1. Generally, significant losses in time in compensatory instruction were matched by additional time in regular instruction.

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[3] Table C-9 presents these results for 11 districts.

ality of Instruction

The purpose of this section is to determine if districts changed the nature of ir compensatory language arts program regardless of the amount of time students nt in the program. The analyses below focus on two characteristics of instruction: tructional group size and teacher type.

Instructional Group Size.—Table 11 shows the proportion of time that compen- ory students spent in groups of various sizes in the 2 years of the study. In the 1st r, Title I students received their compensatory language arts instruction in small ups an average 65% of the time; in the 2d year, 60% of the time was spent in small- up instruction. Although this finding indicates a small, overall shift to larger ups, the results for individual districts are mixed. Four districts had substantial nges to larger groups, while two districts used more small group instruction. Only Yonkers was the shift to large group instruction statistically significant. Overall, re appears to be no definite pattern of changes in grouping practices in the nonstration districts.

Type of Instructor.—Table 12 shows the proportion of time Title I students spend h different types of teachers in compensatory language arts instruction. The table tinguishes instructional specialists, who teach a single subject area such as language s, from classroom teachers who have regular homeroom responsibilities.[4]

The table shows that from the 1st year to the 2d, there were no consistent nges in the proportion of time Title I children spent with different types of chers. Though students in some districts (e.g., Boston and Winston-Salem) spent s time with instructional specialists from one year to the next, students in other tricts spent as much or more. Patterns are similarly mixed for time with classroom chers and paraprofessionals.

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ne terms "instructional specialist" and "classroom teacher" refer to teaching re- onsibilities and not necessarily to qualifications, experience, or employment status. comparison of the teachers in the demonstration districts shows that in some stricts specialists have more training and/or experience than classroom teachers. In hers, they have less experience than teachers and either approximately the same or ly slightly higher educational levels.

TABLE 11

PROPORTION OF TIME TITLE I STUDENTS SPEND IN INSTRUCTIONAL GROUPS OF VARIOUS SIZES IN THEIR COMPENSATORY LANGUAGE ARTS CLASSES

	Total Minutes In Compensatory Language Arts*		Proportion of That Time Spent in Groups of:					
			Individual (1) Plus Small (2-5)			Medium (6-20) Plus (Large (20+)		
	1975-76	1976-77	1975-76	1976-77	Change	1975-76	1976-77	Change
Districts that serve low-achieving students in all elementary schools								
Adams County #12	28	27	37%	62%	25%	63%	38%	-25%
Harrison County	27	30	40	35	-5	60	65	5
Mesa	36	22	97	97	0	3	3	0
Racine	34	25	100	99	-1	0	1	1
Santa Fe	27	24	83	82	-1	17	18	1
Districts that rank schools by achievement and serve fewer than all elementaries								
Charlotte	35	26	66	57	-9	34	43	9
Winston-Salem	41	40	54	62	8	46	38	-8
Districts that rank schools primarily by poverty								
Berkeley County	32	26	71	44	-27	29	56	27
Boston	40	34	54	46	-8	46	54	8
Houston	37	32	33	35	2	67	65	-2
Districts making primarily intraschool changes								
Alum Rock	41	31	71	71	0	29	29	0
Yonkers	30	35	71	27	-44**	29	73	44**
Average	34	29	65%	60%	-5%	35%	40%	5%

*Total minutes for group size do not match total minutes in language arts instruction cited in Table 10 due to differential nonresponse on the two questionnaire items.

TABLE 12

PROPORTION OF TIME TITLE I STUDENTS SPEND WITH DIFFERENT TYPES OF TEACHERS IN COMPENSATORY LANGUAGE ARTS INSTRUCTION

	Total Minutes* in Compensatory Language Arts		Proportion of That Time Spent With:								
			Instructional Specialist			Classroom Teacher			Paraprofessional**		
	1975-76	1976-77	1975-76	1976-77	Change	1975-76	1976-77	Change	1975-76	1976-77	Change
Districts that serve low-achieving students in all elementary schools											
Adams County #12***	32	27	84%	93%	9%	0%	5%	5%	10%	1%	-9%†
Harrison County	28	30	94	96	2	2	4	2	3	0	-3
Mesa	36	31	22	17	-5	1	0	-1	77	83	6
Racine	34	25	11	12	1	0	2	2	88	86	-2
Santa Fe***	24	24	82	79	-3	5	13	8	14	7	-7
Districts that rank schools by achievement											
Charlotte	35	26	86	79	-7	0	13	13†	10	4	-6†
Winston-Salem	40	40	80	68	-12	2	12	10†	13	18	5
Districts that rank schools primarily by poverty											
Berkeley County	34	26	62	76	14	12	16	4	22	8	-14
Boston	41	35	88	74	-14	5	12	7	5	3	-2
Houston	37	54	85	82	-3	5	5	0	8	7	-1
Districts making primarily intraschool changes											
Alum Rock***	41	31	32	51	19	19	4	-15	34	39	5
Yonkers***	30	35	67	88	21	7	1	-6	0	0	0
Average††	34	30	66%	68%	2%	5%	7%	2%	23%	21%	-2%

*Total minutes for teacher type do not match total minutes in language arts instruction cited in Table 10 due to differential nonresponse on the two questionnaire items.

**Paraprofessionals include student teachers, paid aides or assistants, parent/adult volunteers, other adults (excluding specialists and classroom teachers), and older students. This category can include some staff who are certified to teach.

***Instructional specialists in these districts have extra training or experience.

†Change is significant at the .05 level.

††The proportions of time do not add to 100% because time without adult attention is omitted from the table.

The demonstrations apparently did not change the districts' general staffing patterns for compensatory instruction. Districts that relied heavily on specialists and paraprofessionals before the demonstrations were implemented continued to do so in the second year of the study. This was true even in districts were there were significant changes in the amount of time children spent with different kinds of teachers. Mesa and Racine, for example, relied primarily on paraprofessionals in the 1st year and continued to do so after the allocation changes. Charlotte increased its use of classroom teachers in the 2d year but continued to rely on specialists for most compensatory instruction. Winston-Salem provided less time with specialists in the 2d year but still provided much more instruction through specialists than through any other type of teacher.

The data presented on instructional group size and type of instruction indicate that it was the quantity rather than the quality of Title I services that changed as a result of the demonstrations. Districts did not make fundamental changes in the type of compensatory instruction they provided; most of the changes they made cannot be interpreted as affecting the quality of compensatory education services.

Effects of Losses in Compensatory Time on Title I Students' Overall Instructional Experience

The data show that:

- Compensatory education students spent less time in compensatory instruction, but correspondingly more time in regular language arts classes after the demonstrations were implemented.
- The nature of the compensatory instruction they did receive was not changed.

Nonetheless, Title I students might have lost something important from their all instruction. Title I instructional services in these districts are clearly more sive than regular services. To the degree that students received less time in pensatory instruction, they might have suffered a loss in the quality of their over- nguage arts instruction.

Table 13 contains information needed to determine if Title I students lost any of advantage relative to non-Title I students between years 1 and 2 of the study. It ays the differences in services received by both groups of students in both years, easured by amount of instruction, time spent in small groups, and time spent with uctional specialists.

Title I students enjoyed an advantage on all three measures in both the 1st and 2d s. In the 1st year, Title I students received an average of 23 minutes more time in ll-group instruction each day than did non-Title I students. However, some of the ntage was lost in the 2d year during which they received only 16 minutes more. ents in four districts lost as much as 12 to 31 minutes per day of their additional in small groups. By contrast, Title I children spent approximately the same unt of additional time with instructional specialists in both years of the study.

Title I students' advantage relative to other students declined in the 2d year, but d not disappear; they continued to receive a distinctive program of service. In years, Title I students in most districts received extra time in language arts ruction, and they received this instruction in smaller groups or from more highly ned staff.

MPENSATORY TIME RELATED TO STAFF

As expected, the increase in students served resulted in some loss of instruc- al time for each student. The time lost averages 14% in the 12 districts analyzed his chapter. This decline can be explained almost fully by the fact that the ratio of f to students in the 2d year was approximately 13% lower than in the 1st year.

TABLE 13

TITLE I VERSUS NON-TITLE I STUDENTS' INSTRUCTIONAL EXPERIENCE (REGULAR AND COMPENSATORY)

	Additional Minutes/Day in Language Arts Instruction			Additional Minutes/Day in Groups of 1-5 Students			Additional Minutes/Day With Instructional Specialists		
	1975-76	1976-77	Change	1975-76	1976-77	Change	1975-76	1977-77	Change
Districts that serve low-achieving students in all elementary schools									
Adams County #12*	16	12	-4	23	20	-3	22	24	2
Harrison County	17	16	-1	11	10	-1	27	28	1
Mesa	22	13	-11	31	27	-4	10	5	-5
Racine	15	9	-6	40	14	-26	3	2	-1
Santa Fe*	23	12	-16	34	37	3	22	21	-1
Districts that rank schools by achievement and serve fewer than all elementaries									
Charlotte	20	10	-10	26	15	-11	30	19	-11
Winston-Salem	15	21	6	18	22	4	30	27	-3
Districts that rank schools primarily by poverty									
Berkeley County	1	17	16	33	2	-31	21	20	-1
Boston	23	29	6	21	25	4	35	32	-3
Houston	11	24	13	10	14	4	29	29	0
Districts making primarily intraschool changes									
Alum Rock*	2	14	12	32	17	-15	5	14	9
Yonkers*	-9	-4	5	6	-3	-9	12	26	14
Average	13	14	1	23	16	-7	21	21	0

*Instructional specialists in these districts have extra training or experience.

On a district-by-district basis, however, the relationship between relative de- eases in staff/child ratio and instructional time are not so consistent; this is because tricts made other changes in the 2d year such as changes in group size, grades rved, or proportion of funds spent in different subject areas which also affected time ent in language arts instruction. The more detailed analyses of individual districts ll be presented in subsequent reports.

The loss of instructional time is less than would be expected given that the tricts served an average of 71% more students in the 2d year.[5] Districts avoided rge changes in the amount of instruction delivered by assigning additional staff to tle I. The funds used might have come from Title I carryover money or from other trict, state, and Federal funds.

It is clear that each district had a model of the "appropriate" structure of a mpensatory language arts program and resisted downgrading this model by, for ample, substantially increasing group size or hiring less expensive staff. It is likely, wever, that the additional funds used in the 2d year of the study would not be ailable over an extended period of time. Therefore, if districts continued to serve creased numbers of Title I students for a number of years, the reduction in intensity services would probably be larger than that observed here.

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he increase ranged from 4% to 240%: two districts had small reductions of less than 0%.

APPENDIX A. SECTIONS 821 AND 150 OF PUBLIC LAW 93-380

Public Law 93-380
93rd Congress, H. R. 69
August 21, 1974

An Act

To extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education Amendments of 1974".

*****

PART B—EDUCATIONAL STUDIES AND SURVEYS

STUDY OF PURPOSES AND EFFECTIVENESS OF COMPENSATORY EDUCATION PROGRAMS

SEC. 821. (a) In addition to the other authorities, responsibilities and duties conferred upon the National Institute of Education (hereinafter referred to as the "Institute") by section 405 of the General Education Provisions Act and notwithstanding the second sentence of subsection (b)(1) of such section 405, the Institute shall undertake a thorough evaluation and study of compensatory education programs, including such programs conducted by States and such programs conducted under title I of the Elementary and Secondary Education Act of 1965. Such study shall include—

(1) an examination of the fundamental purposes of such programs, and the effectiveness of such programs in attaining such purposes;

(2) an analysis of means to identify accurately the children who have the greatest need for such programs, in keeping with the fundamental purposes thereof;

(3) an analysis of the effectiveness of methods and procedures for meeting the educational needs of children, including the use of individualized written educational plans for children, and programs for training the teachers of children;

(4) an exploration of alternative methods, including the use of procedures to assess educational disadvantage, for distributing funds under such programs to States, to State educational agencies, and to local educational agencies in an equitable and efficient manner, which will accurately reflect current conditions and insure that such funds reach the areas of greatest current need and are effectively used for such areas;

(5) not more than 20 experimental programs, which shall be reasonably geographically representative, to be administered by the Institute, in cases where the Institute determines that such experimental programs are necessary to carry out the purposes of clauses (1) through (4), and the Commissioner of Education is authorized, notwithstanding any provision of title I of the Elementary and Secondary Education Act of 1965, at the request of the Institute, to approve the use of grants which educational agencies are eligible to receive under such title I (in cases where the agency eligible for such grant agrees to such use) in order to carry out such experimental programs; and

(6) findings and recommendations, including recommendations for changes in such title I or for new legislation, with respect to the matters studied under clauses (1) through (5).

(b) The National Advisory Council on the Education of Disadvantaged Children shall advise the Institute with respect to the design and execution of such study. The Commissioner of Education shall obtain and transmit to the Institute such information as it shall request with respect to programs carried on under title I of the Act.

(c) The Institute shall make an interim report to the President and to the Congress not later than December 31, 1976, and shall make a final report thereto no later than nine months after the date of submission of such interim report, on the result of its study conducted under this section. Any other provision of law, rule, or regulation to the contrary notwithstanding, such reports shall not be submitted to any review outside of the Institute before their transmittal to the Congress, but the President and the Commissioner of Education may make to the Congress such recommendations with respect to the contents of the reports as each may deem appropriate.

(d) Sums made available pursuant to section 151(i) of the Elementary and Secondary Education Act of 1965 shall be available to carry out the provisions of this section.

(e)(1) The Institute shall submit to the Congress, within one hundred and twenty days after the date of the enactment of this Act, a plan for its study to be conducted under this section. The Institute shall have such plan delivered to both Houses on the same day and to each House while it is in session. The Institute shall not commence such study until the first day after the close of the first period of thirty calendar days of continuous session of Congress after the date of the delivery of such plan to the Congress.

(2) For purposes of paragraph (1)—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day period.

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"ALLOCATION OF FUNDS WITHIN THE SCHOOL DISTRICT OF A LOCAL EDUCATIONAL AGENCY

"Sec. 150. (a) For any fiscal year not more than 20 local educational agencies selected for the purpose of section 821(a)(5) of the Education Amendments of 1974 may elect, with the approval of the district-wide parent advisory council which is required to be established under section 141(a)(14) of this title, to allocate funds received from payments under this title on the basis of a method or combination of methods other than the method provided under section 141(a)(1)(A). Any method selected pursuant to this section shall be so designed and administered as to be free from racial or cultural discrimination.

"(b) Any local educational agency to which this section applies shall submit such reports to the Director of the National Institute of Education at such time and in such manner as the Director may reasonably require to carry out his responsibilities under section 821(a)(5) of the Education Amendments of 1974.

APPENDIX B. PROCEDURES FOR ALLOCATING FUNDS WITHIN SCHOOL DISTRICTS UNDER STANDARD TITLE I REGULATIONS

Having received a Title I allocation, an LEA must select schools eligible for Title I-funded services, target specific schools from among those deemed eligible, and determine which students within those schools will receive services. A brief discussion of these procedures follows.

CHOOSING ELIGIBLE SCHOOLS

The basic requirement governing selection of eligible schools by the LEA is that school attendance areas must be selected that have high concentrations of children from low-income families. The term "attendance areas" is used in the statute because all needy children living in a targeted attendance area are potentially eligible for services regardless of which public or private school they attend. Other provisions of the law, as well as U.S. Office of Education regulations, serve to interpret and explicate this requirement.

Basically, an LEA is required to select one or several measures of poverty to determine the number of children, aged 5 to 17, from poor families residing in the LEA as a whole and in each attendance area. Each attendance area with a percentage of poor children at least as high as the average for the district is eligible; alternatively, an LEA can choose to rank areas based on the number rather than the percentage of poor children, deeming eligible those areas that have a number of poor children at least as high as the average number per attendance area in the LEA. Both methods may be used simultaneously. An LEA can declare schools eligible that have either large numbers or high concentrations of poor children, as long as the total number of attendance areas selected by the combined method does not exceed the number that could have been chosen by either method alone.

he 3-Year Hold-Over Option

This procedure was introduced by the Education Amendments of 1974, and rovided that a school attendance area that fails to meet the eligibility criteria, but hat met such criteria and received Title I services in either of the 2 preceding fiscal ears, shall be eligible. The Congresional intent was to give continuity to Title I rograms through sustained eligibility.

he Selection of Poverty Measures

In selecting the poverty measure that will define poverty levels for the various chool attendance areas, the LEAs can use one or more of several measures. Counts f children from low-income families are given priority in the regulations. Where hese are not available, LEAs may use the number of children in families receiving Aid o Families With Dependent Children (AFDC), the number of children eligible for free r reduced-price lunch, "or any other reliable and uniform indicator of poverty." LEAs ay use one or a combination of indices, but they must be applied uniformly hroughout the school district.

ligibility by Actual Attendance

The Education Amendments of 1974 provided that an LEA could, at its iscretion, declare any school eligible for Title I payments in which:

> . . . the proportion of children in actual average daily attendance from low-income families is substantially the same as the proportion of such children in (an eligible attendance area) of that agency.

The amendments reflect a Congressional concern that, in an attendance area in hich children of poor families constitute only a small percentage of children resident n the area, but in which large numbers of nonpoverty children do not attend the local chools, the attendance areas would be ineligible despite the fact that the children of oor families constitute a high percentage of the children in actual attendance. The mendment enables such a school to be eligible for Title I funds.

The "No-Wide-Variance" Option

Another option sometimes available to LEAs is the "no-wide-variance" rule:

> In certain areas, the whole of a school district may be regarded as (an) area having a high concentration. . .(of) children (of low-income families) and be approved as a project area, but only if there are not wide variances in the concentrations of such children among the several school attendance areas in the school district.

Thus, if an LEA can establish to the satisfaction of its state education agency (SEA) that there are "no wide variances," all attendance areas become eligible. Under the new regulations, the standard is that the variation between the highest and lowest percentage of children from low-income families is not more than one-third the average of low-income children for the district as a whole.

Thirty-Percent Rule

A final option formerly described in Title I ESEA: Selecting Target Areas, and currently appearing in the revised 1976 regulations, is that, with the approval of the SEA ". . . an area with 30% or more of the children from such (low-income) families" may be designated as a project area. (For this purpose, the children include only those eligible for free lunch.) This rule apparently originated following expressed Congressional concern that inflexible targeting regulations could result in an LEA with a high incidence of poverty declaring ineligible schools with 25% or 30% low-income enrollment, although a neighboring district with a lower incidence of poverty might declare a school eligible with only 10% low-income enrollment.

Finally, LEAs may apply any or all of these provisions separately to groups of schools (e.g., elementary, junior high or middle schools, and high schools).

SELECTING SCHOOLS

Having developed its list of eligible attendance areas, the LEA must choose which schools it will "target"--that is, fund. The law and regulations impose two constraints on LEAs in choosing which of the eligible schools to fund.

One is the so-called "no-skip" provision, formerly articulated by the Office of ducation in Program Guide No. 44, Section 4.6, and presently appearing in the 1976 evised regulations. In general, the no-skip provision provides that an LEA cannot esignate an eligible school attendance area as an area to be served by a program nless all attendance areas with a higher percentage or number of children from low-come families have been so designated. The new regulations now provide that an ttendance area need not be targeted, i.e., it may be "skipped," if the LEA can emonstrate that educational need is greater in other, lower ranked eligible areas.

The second constraint is the requirement that every Title I program be ". . .of fficient size, scope, and quality to give reasonable promise of substantial progress oward meeting (the needs of educationally deprived children)." This is the oncentration" requirement, and requires that districts limit the number of schools ctually served to a number consistent with quality programs.

TUDENT ELIGIBILITY AND SELECTION

Although attendance area eligibility is determined by economic criteria, student ligibility is based on low achievement. Title I-eligible children are described by xisting regulations as:

> . . . those children who have need for specific educational assistance in order that their level of educational attainment may be raised to that appropriate for children of their age.

The final step in the process is the selection of children to be served from among hose who are eligible and the determination of the amount and type of service each hould receive. Specifically, the regulations provide that:

> The project for which an application for a grant is made by a local education agency should be designed to meet the special educational needs of those educationally deprived children who have the greatest need for assistance.

Thus, those children with the most severe degree of educational deprivation hould be given priority for services.

he project (shall be) concentrated on a sufficiently limited number of services or a sufficiently limited number of educationally deprived children.

his is the "concentration" provision at the student level.

APPENDIX C. ADDITIONAL DATA

TABLE C-1

PERCENT OF TITLE I STUDENTS IN THE DEMONSTRATION DISTRICTS WHO READ ONE-HALF YEAR OR MORE BELOW GRADE LEVEL

	1975-1976 Percent (1)	1976-1977 Percent (2)	Chang (2-1
Districts that serve low-achieving students in all elementary schools			
Adams County #12	95	98	3
Harrison County	93	93	0
Mesa	70	85	15*
Newport	83	91	8
Racine	94	89	-5
Santa Fe	90	92	2
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	96	93	-3
Winston-Salem	95	99	4
Districts that rank schools primarily by poverty			
Berkeley County	92	90	-2
Boston	85	87	2
Houston	87	87	0
Districts making primarily intra-school changes			
Alum Rock	75	74	-1
Yonkers	79	83	4
Average	87	89	2

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* Significant at $P \leq .05$.

TABLE C-2

PERCENT OF TITLE I STUDENTS IN THE DEMONSTRATION DISTRICTS FROM FAMILIES BELOW VARIOUS INCOME LEVELS

	Below 100% Orshansky			Below 75% Orshansky	Below 125% Orshansky	Below 150% Orshansky
	1975-76 (Percent)	1976-77 (Percent)	Change	Change	Change	Change
Districts that serve low-achieving students in all elementary schools						
Adams County #12*	17	2	-15	--	-14	-28
Harrison County	41	35	-6	-9	-6	-2
Mesa	14	12	-2	-3	-6	+3
Newport*	60	38	-22	-50**	-30	-20
Racine	13	15	2	0	-10	-1
Santa Fe	63	36	-27**	-24**	-23**	-18**
Districts that rank schools by achievement and serve fewer than all elementaries						
Charlotte	41	38	-3	-10†	-10	-4
Winston-Salem	34	31	-3	-8	4	4
Districts that rank schools primarily by poverty						
Berkeley County **	13	39	26	22	-6	-3
Boston ***	--	--	--	--	--	--
Houston	49	52	3	-6	-5	-2
Districts making primarily intraschool changes						
Alum Rock	48	32	-16	-9	-19†	-12
Yonkers	38	25	-13	-19**	-29†	-21
Average	36	29	-6	-11	-13	-9

*Sample sizes too small to be reliable.

**Significant at $P \leq .05$.

***Change measures were not available, because parent data in Boston were collected only for new schools in year 2.

† Significant at $P \leq .05$, but accompanied by change in the non-Title I group.

TABLE C-3

PERCENT OF ALL LOW-ACHIEVING* CHILDREN WHO PARTICIPATE IN TITLE I

	1975-1976 (Percent)	1976-1977 (Percent)	Change
Districts that serve low-achieving students in all elementary schools			
Adams County #12	7	29	22
Harrison County	59	75	16
Mesa	38	47	9
Newport	20	44	24
Racine	14	44	30
Santa Fe	51	66	15
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	44	54	10
Winston-Salem	26	38	12
Districts that rank schools primarily by poverty			
Berkeley County	26	45	19
Boston	47	59	12
Houston	21	17	-4
Districts making primarily intraschool changes			
Alum Rock	27	99	72
Yonkers	54	47	-7
Average	33	51	18

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*Read 1 year or more below grade level.

TABLE C-4

PERCENT OF ALL FREE AND REDUCED-PRICE LUNCH RECIPIENTS WHO PARTICIPATE IN TITLE I

	1975-1976 (Percent)	1976-1977 (Percent)	Change
Districts that serve low-achieving students in all elementary schools			
Adams County #12	3	14	11
Harrison County	36	42	6
Mesa	28	20	-8
Newport	15	22	7
Racine	8	25	17
Santa Fe	30	36	6
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	35	40	5
Winston-Salem	23	31	8
Districts that rank schools primarily by poverty			
Berkeley County	19	35	16
Boston	31	40	9
Houston	21	15	-6
Districts making primarily intraschool changes			
Alum Rock	29	96	67
Yonkers	53	50	-3
Average	26	36	10

TABLE C-5

PERCENT OF ALL MINORITY CHILDREN WHO PARTICIPATE IN TITLE I

	1975-1976 (Percent)	1976-1977 (Percent)	Change
Districts that serve low-achieving students in all elementary schools			
Adams County #12	2	15	13
Harrison County	30	35	5
Mesa	27	21	-6
Newport	10	22	12
Racine	7	24	17
Santa Fe	23	29	6
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	32	39	7
Winston-Salem	20	28	8
Districts that rank schools primarily by poverty			
Berkeley County	26	39	13
Boston	30	38	8
Houston	15	15	0
Districts making primarily intraschool changes			
Alum Rock	28	95	67
Yonkers	61	54	-7
Average	24	35	11

TABLE C-6

PERCENT OF LOW-ACHIEVING CHILDREN WHO WERE IN TITLE I SCHOOLS AND DID NOT RECEIVE TITLE I SERVICES IN YEAR 1 COMPARED WITH THE PERCENT INCREASE IN LOW-ACHIEVING CHILDREN SERVED DURING THE DEMONSTRATION

	Percent of Low-Achieving Children in Title I Schools and Not Served Before the Demonstration	Percent Increase in Low-Achieving Children Served During the Demonstration
icts that serve low-achieving nts in all elementary schools		
ams County #12	16	22
rrison County	24	16
sa	21	9
wport	15	24
cine	23	30
nta Fe	25	15
icts that rank schools by vement and serve fewer all elementaries		
arlotte	23	10
nston-Salem	9	12
icts that rank schools rily by poverty		
rkeley County	44	19
ston	19	12
uston	16	-4
icts making primarily school changes		
um Rock	25	72
nkers	8	-7
ge	21	18

TABLE C-7

PERCENT OF CHILDREN WHOSE READING ACHIEVEMENT IS BETTER THAN 1 YEAR BELOW GRADE LEVEL AND PARTICIPATE IN TITLE I

	1975-1976 Percent (1)	1976-1977 Percent (2)	Change (2-1)
Districts that serve low-achieving students in all elementary schools			
Adams County #12	0	3	3
Harrison County	9	12	3
Mesa	10	6	-4
Newport	5	8	3
Racine	3	6	3
Santa Fe	9	9	0
Districts that rank schools by achievement and serve fewer than all elementaries			
Charlotte	5	10	5
Winston-Salem	5	3	-2
Districts that rank schools primarily by poverty			
Berkeley County	4	13	9
Boston	11	20	9
Houston	6	5	-1
Districts making primarily intraschool changes			
Alum Rock	25	90	65
Yonkers	12	12	0
Average	8	15	7

TABLE C-8

PERCENT OF CHILDREN WHO DO NOT RECEIVE FREE OR REDUCED PRICE LUNCH AND PARTICIPATE IN TITLE I

	1975-1976 (Percent) (1)	1976-1977 (Percent) (2)	Change (2-1)
istricts that serve low-achieving tudents in all elementary schools			
Adams County #12	2	8	6
Harrison County	12	18	6
Mesa	11	12	1
Newport	4	12	8
Racine	4	9	5
Santa Fe	5	11	6
istricts that rank schools by chievement and serve fewer han all elementaries			
Charlotte	8	19	11
Winston-Salem	7	7	0
istricts that rank schools rimarily by poverty			
Berkeley County	8	18	10
Boston	6	11	5
Houston	3	3	0
istricts making primarily ntraschool changes			
Alum Rock	31	90	59
Yonkers	6	12	6
verage	8	18	9

TABLE C-9

CHANGES IN LENGTH OF COMPENSATORY LANGUAGE ARTS CLASSES IN THE DEMONSTRATION DISTRICTS

	Length (in Minutes) 1975-76	Length (in Minutes) 1976-77	Change
Districts which serve low-achieving students in all elementary schools			
Adams County #12	37.0	35.9	-1.1
Harrison County	32.6	30.9	-1.7*
Mesa	55.5	48.9	-6.6
Racine	40.7	36.7	-4.0*
Santa Fe	35.7	30.2	-5.5*
Districts which rank schools by achievement and serve fewer than all elementaries			
Charlotte	37.5	35.4	-2.1*
Winston-Salem	42.2	42.7	0.5
Districts which rank schools primarily by poverty			
Berkeley County	40.0	31.6	-8.4*
Boston	44.2	43.4	-0.8*
Houston	36.1	38.7	2.6*
Districts making primarily intra-school changes			
Alum Rock	NA	(30.2)	--
Yonkers	39.7	39.7	0
Average (11 districts)	40.1	37.6	-2.5

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*The change is significant at the .05 level.

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Appendix 6

STATEMENT OF REP. DAVID C. TREEN
(3rd District, Louisiana)

ELEMENTARY AND SECONDARY EDUCATION SUBCOMMITTEE

EDUCATION AND LABOR COMMITTEE

U. S. HOUSE OF REPRESENTATIVES

November 10, 1977

I regret that, due to the Congressional recess,
am unable to testify before you today. I hope that
might have an opportunity to appear before this Sub-
ommittee in January when the House reconvenes.

I asked for this time in order to urge that when
our Subcommittee reports legislation extending the
lementary and Secondary Education Act you not extend
he authorization for Title I. Whatever the wisdom of
itle I in 1965, there is no reason for continuing such
eneral (as opposed to categorical) federal assistance
elementary and secondary education in the 1980's.

After 3 years in a row of federal deficits
ceeding $5 billion, I submit that it is time for the
ongress to inform the National Education Association
d other advocates of one-third federal funding of public
ucation that the U.S. is not about to assume primary
esponsibility for providing public school revenues.
ederal funding has never provided more than 10% of the
nds for elementary and secondary education in this
ountry. I frankly think we are deluding parents and
ucators when we pass authorization bills with "entitle-
ent formulas" which promise far more funding than Congress
eally expects to appropriate.

The increase in federal regulation during the last 11 years of ESEA has been quite disproportionate to the level of federal funding. It provoked the Superintendent of Education in Illinois, Joseph Cronin, to write an article in the April 1976 Phi Delta Kappan entitled "The Federal Takeover: Should the Junior Partner Run the Firm?". Two months later, President Lyndon Johnson's Deputy Assistant Secretary for Legislation in the Department of Health, Education and Welfare, Samuel Halperin, was writing in the same publication of the "drift toward domination by federal priorities and federally mandated limitations on state and local decision making."

If our financial contribution is minor and the regulatory burden we impose is heavy, are we nevertheless accomplishing important things with Title I? Newsweek on April 3, 1972, reported that "despite the expenditure of billions of federal dollars in the nation's largest school systems, compensatory education -- designed to offset the cultural disadvantages of ghetto children -- has been widely judged a failure." Studies have been pouring out of the National Institute of Education and contractors to the Office of Education in recent months pursuant to the mandate of the Congress to study "compensatory education." I have not had an opportunity to read all of them, but none that I have seen would contradict Newsweek's conclusion.

I suppose that it is very difficult to measure
e success or failure of a program like Title I because
ngress has not been too explicit about its objectives
r the program. Too many of its defenders do so on the
sis of increased input -- it has provided more dollars.
t what have those dollars produced? Do American young-
ers perform better on standardized achievement tests
day than they did in 1965? Does the curriculum of the
erage high school now challenge a higher percentage of
e student body, so that today teachers can devote more
me to teaching than to discipline? Has school adminis-
ation at the individual school level been simplified
cause the burden of raising funds has been shifted
the federal level? The answers to these questions
e no. In the era of zero-based budgeting it would be
propriate for Congress to require the proponents of
ntinuing Title I to carry the burden of proof for
rther funding.

The report of your Committee, when the authority
r Title I was extended in 1974, recognized that there
s nothing that would be more important for enabling
ildren from low income areas to overcome educational
privation than to learn "basic, cognitive skills in
ading and mathematics." But when the Comptroller
neral analyzed reading activities funded under this

program in December of 1975, he reported that (in a comparison of the only 7 local programs furnishing the Office of Education with data sufficient for evaluation) the annual reading achievement rate of 49% of the children who participated in reading programs in 1975 was lower that year than it had been the year before they participated.

I believe that the greatest thing that Congress can do for education in America today is to reduce federal involvement. The real genius of American public education has been the involvement of local people through school boards. Americans have been generous with their investments in education because they were called upon to contribute to the schools _their_ children attended and because they chose the officials who set school policy in the schools _their_ children attended. American education faces its greatest challenge today because these foundations are eroding. More and more educational policy is being made by unelected officials of the federal bureaucracy and the federal judiciary. The men and women who could make a significant contribution to education are reluctant to serve on our school boards today, where parents will hold them responsible for decisions they cannot make without being overridden by federal bureaucrats.

merican taxpayers who see frivolous programs being funded y federal dollars, regardless of local preferences, ssume that their local property taxes need not rise o pay for education. They exercise the only option open o them to protest the direction of education -- they ote down local property taxes in referendum after eferendum. In 1965, 79.4% of proposed bond issues were pproved. By 1975, only 46.3% were approved.

A program of federal grants to the state and local ducation agencies is not the only manner in which the ederal government can financially assist and encourage he states to offer quality public education. Congress an repeal a federal tax and make a source of revenue vailable to the states which the states might dedicate xclusively to education. I suggested that the federal xcise tax on tobacco be repealed back in 1973 when Title was under consideration, and pointed out that then 8 states would have been able to derive more revenue rom taxing tobacco sales at the federal rate than they ould have expected to receive from Title I. I am onfident that a combination of federal excise taxes ould be repealed today which would open up to our states ources of revenue far greater than we are now providing hrough Title I.

When Congress reconvenes in January, I will introduce legislation calling for Educational Revenue Source Sharing. Specifically, my bill will provide that taxpayers may take a credit against federal income taxes for any state or local tax that they pay, the proceeds of which the state has exclusively dedicated to education. Thus, a state which wishes to continue funding education at the level it does today, using federal Title I moneys to pay for part of the costs, could enact a small sales tax, or a tobacco tax, or an income tax surcharge, or whatever tax the state wishes to enact solely for funding education programs. It could do so without raising the total tax bill of its citizens,who would reduce their federal income taxes by the amount raised through the state education tax. In order to encourage the development of new sources of education revenue which are less dependent on wealth within a particular school district, I would propose to exclude property taxes from being eligible for this credit. I have not yet concluded what limits on the amount of credit any one taxpayer could claim would be appropriate, but I'm certain that you can see that it would lend itself to being modified through the years as the needs of education change.

I submit to you that the time is right for such educational tax reform. With enrollment dropping at record rates, (2.096 million between 1970 and 1976 in grades kindergarten through 12th grade) adjusting to elementary and secondary schools totally funded by state and local taxes will be easier today than it would have been in the 1960's or than it may be in the future.

TESTIMONY OF CONGRESSMAN DANIEL K. AKAKA BEFORE THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION ON THE REAUTHORIZATION OF ESEA, TITLE I.

I AM PLEASED TO HAVE THE OPPORTUNITY TO TESTIFY TODAY BEFORE MY COLLEAGUES ON THE EDUCATION AND LABOR COMMITTEE. REAUTHORIZATION OF THIS LEGISLATION IS OF THE UTMOST IMPORT TO MY STATE, HAWAII, AND TO THE NATION AS A WHOLE. THIS FEDERAL PROGRAM HAS BEEN ONE OF THE MOST ENLIGHTENED AND BENEFICIAL IN THE HISTORY OF OUR NATION, AND I AM SURE THAT UNDER THE LEADERSHIP OF THE COMMITTEE AND ITS DISTINGUISHED CHAIRMAN, CONGRESSMAN PERKINS, IT WILL CONTINUE TO PROVE OF UNTOLD BENEFIT FOR THE CHILDREN, AS IT HAS IN THE PAST.

PRIOR TO BECOMING A CONGRESSMAN, I WAS INVOLVED IN EDUCATION ON SEVERAL LEVELS. I WAS A TEACHER FOR SEVEN YEARS AND PRINCIPAL AT THREE DIFFERENT SCHOOLS IN HAWAII AND WAS INVOLVED IN THE STATE COMPENSATORY EDUCATION PROGRAM AS CHIEF PROGRAM PLANNER FOR FOUR YEARS. I HAVE HAD MUCH DIRECT EXPERIENCE WITH TITLE I AND OTHER FEDERAL PROGRAMS, AND HAVE PERSONALLY WITNESSED THE GREAT BENEFITS IT PROVIDES STUDENTS.

AS YOU MAY BE AWARE, HAWAII'S EDUCATIONAL SYSTEM IS UNIQUE IN A NUMBER OF ASPECTS. THE ENTIRE SYSTEM IS ADMINISTERED BY ONE SUPERINTENDENT AT THE STATE LEVEL, AND BY ONE BOARD OF EDUCATION. IN ADDITION, HAWAII, AS THE "GATEWAY TO ASIA," HAS IN ITS SCHOOLS A DIVERSE ETHNIC POPULATION, AUGMENTED BY A CONSTANT FLOW OF NEW MIGRANTS. BECAUSE OF THESE AND OTHER UNIQUE FACETS OF HAWAII'S EDUCATIONAL SYSTEM, I HAVE REQUESTED THAT YOUR COMMITTEE

CONSIDER HOLDING FIELD HEARINGS ON H.R. 15 IN HAWAII. I FEEL SUCH AN EXPERIENCE WOULD BE OF GREAT MUTUAL BENEFIT.

THE EXTENT TO WHICH HAWAII HAS BENEFITED FROM TITLE I PROGRAMS SINCE ITS INCEPTION MAY BE SEEN IN THE IMPROVED TEST SCORES AND READING ABILITY OF THESE CHILDREN. THIS PROGRESS IS A SOURCE OF GREAT PRIDE TO OUR STATE. PARENTAL INVOLVEMENT IN THE PROGRAM IS SIGNIFICANT, AND PARENTS OF TITLE I CHILDREN HAVE DIRECT INPUT INTO BOTH SCHOOL PROGRAMS AND THE ADMINISTRATION OF THEM. IN FACT, ONE OF OUR TITLE I PARENTS IS EMPLOYED BY THE STATE DEPARTMENT OF EDUCATION AS A PARENT INVOLVEMENT SPECIALIST.

AS ONE WITH EXPERIENCE IN FEDERAL PROGRAMS, I BELIEVE THERE ARE MANY COMMENDABLE AREAS AND SOME WHICH ARE IN NEED OF MODIFICATION AND ADAPTATION. IT IS TO THESE LATTER AREAS THAT I WILL ADDRESS MY REMARKS.

AS YOU ARE AWARE, THERE HAS BEEN MUCH DEBATE OVER WHETHER TO USE EDUCATIONAL OR ECONOMIC CRITERIA IN DETERMINING STATE TITLE I GRANTS AND IN IDENTIFYING THE ELIGIBLE SCHOOL ATTENDANCE AREAS. WE ALL RECOGNIZE THE INHERENT DISADVANTAGE OF HAVING TO DEAL WITH OUTDATED CENSUS DATA. WE IN HAWAII HAVE REVIEWED OTHER METHODS, BUT I REMAIN CONVINCED THAT THE PRESENT METHOD OF ECONOMIC INDICES REMAINS THE MOST VIABLE METHOD OF ACQUIRING ACCURATE DATA.

I STRONGLY BELIEVE THAT A CHANGE IN THE MINIMUM ALLOCATION FOR STATE ADMINISTRATION SHOULD BE EFFECTED. THE MINIMUM OF $150,000, ENACTED IN 1968, HAS REMAINED UNCHANGED SINCE THAT TIME. THE RAMPANT INFLATION OF THE PAST SEVERAL YEARS HAS ERODED WHAT ONCE WAS SUFFICIENT FUNDING. CURRENTLY, MANY STATES ARE UNABLE TO COPE

EFFECTIVELY AND FULLY WITH ADMINISTRATIVE AFFAIRS AND THEY HAVE NO ADDITIONAL FUNDS TO DEAL WITH WHAT HAS BECOME A GREATLY INCREASED WORKLOAD.

I WOULD SUGGEST AN INCREASE FROM THE PRESENT MINIMUM OF $150,000 IN SECTION 143 (B) (2) TO AT LEAST $250,000. THIS WOULD HELP ALLEVIATE WHAT HAS BECOME IN MANY CASES A VIRTUALLY IMPOSSIBLE SITUATION.

THERE HAS BEEN SOME JUSTIFIABLE CONCERN OVER THE CURRENT PROCEDURE OF PENALIZING AN ENTIRE SCHOOL AND THE ENTIRE STATE FOR MINOR PROGRAM VIOLATIONS. IN HAWAII, SINCE THE SCHOOL DISTRICT ENCOMPASSES THE ENTIRE STATE, THE GREAT MAJORITY OF SCHOOLS WHICH IMPLICITLY COMPLY WITH REGULATIONS ARE FORCED TO SUFFER UNDER THE PROVISIONS OF THE PRESENT MANDATE. I CERTAINLY WOULD LIKE TO SEE A PROVISION INCLUDED WHICH WOULD PROVIDE FOR SELECTIVE PENALTIES. BY THIS METHOD, NEEDLESS HARDSHIP AND CONFUSION WOULD BE AVOIDED.

IT HAS BEEN MY EXPERIENCE THAT SECTION 126 PART B, AUTHORIZING INCENTIVE GRANTS, HAS NOT SUBSTANTIALLY IMPROVED THE QUALITY OR QUANTITY OF SERVICES WE HAVE BEEN ABLE TO OFFER OUR STUDENTS. THE MONIES AUTHORIZED UNDER THIS SECTION MIGHT BE PUT TO MORE VIABLE USE IN ANOTHER SECTION OF THE PROGRAM.

TO THAT END, HAWAII, AS I PREVIOUSLY MENTIONED, HAS A UNIQUE PROBLEM IN THAT THE RATE OF MIGRATION TO THE ISLANDS IS OF HUGE PROPORTIONS. NEW RESIDENTS COME FROM BOTH THE CONTINENTAL UNITED STATES AND ASIA AND HAVE VIRTUALLY DOUBLED THE TOTAL ENROLLMENT FIGURES FOR HAWAII'S SCHOOLS. THIS FACTOR PUTS AN ADDED STRAIN ON OUR EDUCATIONAL

SYSTEM BECAUSE OF SHEER NUMBERS AND BECAUSE MANY OF THE MIGRANTS SPEAK LITTLE OR NO ENGLISH AND DO NOT ADAPT WELL TO THE EDUCATIONAL SYSTEM.

PERHAPS TITLE I PROGRAMS FOR MIGRATORY CHILDREN MIGHT BE MODIFIED TO INCLUDE SOME FEDERAL SUPPORT FOR THE UNIQUE AND PRESSING PROBLEM THAT HAWAII FACES IN THIS REGARD.

SECTION 123, DEALING WITH NEGLECTED AND DELINQUENT CHILDREN, IS AN AREA THAT MERITS FURTHER ATTENTION. AS PRESENTLY FORMULATED, HAWAII CAN SERVE ONLY SOME OF THESE CHILDREN, LEAVING THE REST WITHOUT ANY OF THE BENEFITS. IT HAS BEEN SUGGESTED THAT THIS PROGRAM MIGHT BE DELETED FROM THE ACT AND INCLUDED UNDER SEPARATE LEGISLATION. THROUGH THAT METHOD, WE COULD BE BETTER ABLE TO SERVE ALL OF THESE CHILDREN, WHO, IT CAN BE ARGUED, ARE IN THE GREATEST NEED OF SUPPORT AT BOTH THE FEDERAL AND STATE LEVELS.

I WOULD LIKE TO DIRECT MY REMARKS AT THIS POINT TO THE MUCH DISPUTED "COMPARABILITY CLAUSE" IN CLAUSE (C) OF SECTION 141 (A) (3). I FEEL THIS CLAUSE MUST BE CLOSELY SCRUTINIZED BY THE COMMITTEE TO INSURE ITS CLARITY IN THE FUTURE. THE LACK OF PRECISE METHODS OF IMPOSING COMPARABILITY HAVE BEEN THE CAUSE OF MUCH UNDUE PAPERWORK AND ADMINISTRATIVE DETAIL FOR SCHOOL AND DISTRICT.

IN HAWAII, THIS PROVISION HAS HINDERED FORMULATION OF NEW SCHOOLS AND CAUSED CONFUSION IN TEACHER ASSIGNMENTS. DISTRICTS WITH COLLECTIVE BARGAINING AGREEMENTS AND WHICH MAY BE PREFERABLE FOR TEACHERS DUE TO LOCATION AND OTHER CONSIDERATIONS CAUSE THE COMPARABILITY FOR RURAL SCHOOLS WITH TITLE I ALLOCATIONS TO BECOME DISPROPORTIONATE. CONFLICTING INTERPRETATIONS OF COMPARABILITY REQUIREMENTS

BY FEDERAL AND STATE OFFICIALS POINT OUT WHAT MANY BELIEVE TO BE THEIR OBSCURITY.

WHEN THE STATE HAS MONEY TO ALLOCATE TO THE ENTIRE EDUCATIONAL SYSTEM, AND GRANTS AN ACROSS-THE-BOARD PER-PUPIL GRANT, THE DIFFERING METHODS IN WHICH TITLE I AND NON-TITLE I SCHOOLS SPEND THAT MONEY AGAIN CAUSE PROBLEMS WITH COMPARABILITY. THIS INHIBITS THE STATE'S ABILITY TO SPEND THE MONEY THAT THEY HAVE IN THE BEST POSSIBLE WAY. I WOULD HOPE FOR A REASSESSMENT OF THE COMPARABILITY REQUIREMENTS, SO THAT THEY WILL BECOME AN ENHANCEMENT AND NOT AN IMPOSITION.

FINALLY, IT HAS BEEN MY EXPERIENCE THAT THE SECTION OF THE ACT RELATING TO PROGRAMS FOR THE HANDICAPPED BE INCORPORATED INTO THE EDUCATION OF THE HANDICAPPED ACT, THUS AVOIDING POSSIBLE DUPLICITY AND, INSTEAD, PROMOTING MORE EFFECTIVE ADMINISTRATION. I AM SURE THAT WE ALL ASPIRE TOWARDS A LESSENING OF BUREAUCRATIC REGULATION, AND I BELIEVE THIS IS ONE AREA IN WHICH STUDY MAY BE DEVOTED TO THAT END.

I WANT TO REITERATE MY UNALTERING SUPPORT OF THE COMMITTEE'S EFFORTS TO PROVIDE THE BEST POSSIBLE AID TO EDUCATION. WE IN HAWAII HAVE REALIZED GREAT BENEFITS FROM ESEA, AND I AM SURE WE WILL CONTINUE TO DO SO.

TESTIMONY OF
HON. RON deLUGO

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to discuss with you the problems facing the U.S. Territories under the current application of the Elementary and Secondary Education Act and to suggest solutions which will alleviate many of these problems.

This is not the first time these problems have been brought before the Subcommittee. In 1975 Oversight hearings were held by this Committee. Representatives from the different Territories discussed how Federal education programs were being administered as well as their current effectiveness. One theme recurred: how programs which are written and designed for States will have problems when applied unthinkingly to the Territories. Too often when included the Territories are mere afterthoughts.

However, when this legislation was originally enacted a decade ago, I can see how this happened. The Territories have small populations, little land mass and they are far from the mainland. But these factors should reinforce the notion that the outlying areas are different and not just smaller States.

Even a short list of the factors which differentiate the Territories from the States, as well as separating the Territories from themselves, will show that a program attuned to the needs of the States will encounter problems when applied to the Territories.

Some of these differences are: populations ranging from 16,000 to just over 100,000; size, ranging from the 130 square miles of the Virgin Islands to the more than 200 square miles of the Trust Territories spread out over 3 million miles of ocean, and diverse population. On Guam, almost one third of the Island consists of military personnel, while the Virgin Islands has hardly any. The people of thr Trust Territories speak at least 9 languages with literally thousands of dialects and many of these languages are passed down through oral tradition instead of written. On Guam bilingual education consists of English and Chamorro; in the Virgin Islands the second language is Spanish. In the Virgin Islands the situation is further complicated due to 7,000 non-U.S. children being integrated into U.S. schools by Federal Court order. Finally, the distance from Washington varies between 3,000 and 16,000 miles. This makes communication different.

Given these diverse types of problems, it stands to reason that application of programs in the Territories without the flexibility to meet local needs is bound to encounter problems. Unfortunately, the history of ESEA proves this. In analysing the decade of ESEA in the U.S. Territories several trends emerge. First, overly-restrictive Federal regulations severely limited the effectiveness of the program. Secondly, uncertainty about Federal funding led to underutilization of resources. Thirdly, since the definitions of those to be aided by ESEA bore little relation to Territorial realities, local school agencies were forced to choose among students instead of aiding all students. As a result, the program slighted the very children it was designed to aid.

There are many examples where Federal regulations, written and designed for State situation and applied to the U.S. Territories, caused problems for the application of ESEA in the outlying areas. The 1975 hearings made this same point when Congressman Meeds stated "Many requirements written into education laws require complex and detailed records-advisory councils, regular meetings of certain groups, etc.-requirements that make sense for the continental United States-but spell considerable hardship for the extra State jurisdictions."

As an example of this, in the Territories, the State Education Agency functions as the local education agency. Staffs are small and perform many duties. However, the law makes no distinction where these functions are combined. In order to qualify for Federal funds, the appearences of separate agencies has to be maintained. This means that staff time is taken away from direct pupil services. In some Territories including my own, 60% of staff time is taken just to fulfill Federal requirements.

A separate, but supporting example, is the problem of advisory councils. Given the small populations of the Territories as well as the multitude of Federal programs, the need for all these advisory councils has meant that the same people serve on different councils. Again, time and effort is taken away from pupil services and spent on meeting Federal requirements.

The uncertaintly concerning Federal funding has also caused problems with the implementation of ESEA.

Currently, the Territories are given a 3% set aside for Title I; the amount for each Territory to be determined by the Commissioner of Education. This means that no one Territory can count on receiving the same amount of funds each year. For example, in 1973 the V.I. received $686,000 for Title I. The next year it received only $650,000. The following year $688,000 was allocated. I am sure that you will agree that when funds fluctuate to this extent it is difficult to plan rationally.

The Territories also suffer from a lack of funds for specific programs. Too often, too few funds are given to effectively begin a program. In 1973 the Virgin Islands received $13,000 to run a juvenile delinquent program as part of Title I. Considering administrative costs, start-up costs, high local expenses, as well as the necessity of looking outside the Territory for aid, little of the funds found its way to the student. In such a case it almost would have been better not to have the funds at all. The same situation also holds true for bilingual education in the territories. Right now, the Territories compete for grants with everyone else, but given their small size they are at a disadvantage when competing with States.

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Another aspect of the problem with Federal funds is the amount of money which the Territories receive for the adminstration of Title I. For the last ten years of ESEA the Territories have received $25,000 for administration. This has not changed, but in the past ten years inflation has eaten away the real value of these dollars. Today $25,000 is worth only $13,585 when it is expressed in the value of 1967 dollars because of an 84% inflation rate over the past 10 years.

Due to the peculiar nature of the Territories, several funding concepts which make sense where the States are concerned, handicap the Territories. These include comparability reporting, which is irrelevant due to the combined LEA-SEA functions; maintenance of effort, which must be viewed in light of the constant fiscal shortages these areas face; and most importantly, the issue of supplanting versus supplementary funding.

In the Territories, where fiscal crises are a way of life, competing pressures force strict allocation of scarce resources. Welfare, public works, housing, capital improvements, and education all vie for funds. Federal monies to aid education in the Territories can easily be considered supplanting if current, mainland standards are applied. However, this penalizes the Territories. As one local educator put it during the 1975 hearings, "How do you supplant zero?"

Finally, the basic premise of ESEA, especially Title I, that some children are historically bypassed and need to be adressed specifically, bears no relation to conditions in the U.S. Territories where the vast majority of children need special help. In each of the territories, the majority of children come from homes below, or near the poverty line. The Territorial-wide need to service as many children as possible has forced the local education departments to choose among children to service. They are forced to pick the neediest of the needy to help. Surely, this was not the intent of the legislation.

The above should give an overview of the problems the Territories face. Put succinctly, the problem is this: The outlying U.S. Territories, due to their small resource base, lack the minimum delievery systems to enable them to meet current Federal requirements as well as to provide an efficient and quality education.

In looking at solutions to these problems I, as well as my Colleagues, are concerned that simply increasing funds not be a substitute for a more efficient use of existing funds.

Indeed, this is the solution proposed by HEW through its Office of Education. On June 28, 1977 it proposed a "general upgrading" of Title I funds for the U.S. Departments of Education to make better use of existing monies and to reach a much broader base of children.

I support this approach, but only as part of an overall solution to the problem. The time is right to completely examine the role of ESEA in the Territories, and to make wholesale changes. I believe that any new program should include the following:

1) General upgrading of funds. More local control will assure a better utilization of resources to meet local needs, and local needs will insure that these funds will be place where they can do the most good.

2) Doubling of Title I Administrative funds.

3) Creation of one State advisory council for each Territory which can serve as the council for all Federal programs under ESEA. This would avoid overburdening the same staff with duties which take it away from student services.

4) The submission of one Territory plan for all Federal programs which allows the Commissioner of Education to waive Federal requirements if the local Education Department can provide that such regulations impede effective implementation of the law. Such waivers could apply to maintenance of effot, comparability, and supplanting.

5) Minimum Basic Grants. Because the U.S. Territories are so small and their resource pool and delivery system minimal, they have been forced to forego participation in Federal programs. A minimum basic grant would allow them to fully participate in these programs.

6) One reporting period for all Federal reports. Since communication is so difficult the Territories are under constant pressure to get report to Washington. Often they hear about programs too late, and receive less than adequate consideration for their proposals.

7) The creation of an Office of Territorial Education within HEW. There is general agreement among educators in the Territories that this be done. At the moment they feel lost because they are far from the mainland and have to face the literally hundreds of Federal programs with little aid. It is true that they are part of a region, but you can imagine the time and attention the Virgin Islands receives when it is

placed in the same region as New York. The office itself can act as a clearinghouse for information, a place where the Territories can call or write to make their problems known. In short it can be a center for advocacy as well as a sympathtic ear. It can bring together in one place the technical as well as the informational skills necessary to insure that these programs will be effective in the U.S. Territories.

8) A setaside for Bilingual Education. The small U.S. Territories compete with the States for bilingual education aid, but this method pits the States veruss the Territories, as well as placing the Territories' against themselves. This means that there is built-in uncertainty regarding funding, and means problems in attempting to provide a quality bilingual education program.

9) A setaside under Title IV of ESEA for teacher training. Even though this is not strictly a part of Title I teacher training is a big problem in the Territories. While it may seem romantic for a mainland educator to come to a sundrenced Territory to teach, the reality is quite different. These mainland teachers are unfamilar with local customs and traditions. The nuances of the local society are not readily apparent. It is expensive and time consuming to continue this practice. Therefore, it is important to provide adequate funding to allow for the training of outside teachers as well as the recruitment of local educators.

I believe that all of these issues are crucial for the effective implementation of any new program for Elementary and Secondary Education. To demonstrate the importance of these I will be introducing a bill early next Congress incorporating these into one cogent package which I hope will serve as a forum for further discussion.

Thank you.

DEPARTMENT OF PUBLIC INSTRUCTION

STATE OF NORTH CAROLINA RALEIGH

Statement of
Robert J. Marley, Director
Division of Compensatory Education
Department of Public Instruction
State of North Carolina
To
The Honorable Carl Perkins, Chairman
of the
Subcommittee on Elementary, Secondary and
Vocational Education
and the
Committee on Education and Labor
House of Representatives
November 7, 1977
For the Committee's
Consideration In Reauthorization Of
Title I of the Elementary
and Secondary Education Act

Mr. Chairman and members of the Subcommittee on Elementary, Secondary nd Vocational Education: I wish to extend to you the heartfelt thanks of undreds of thousands of disadvantaged children from North Carolina for your ontinuing commitment to improving their chance of success. Most of them ill never have the opportunity to share their appreciation for your bold ction. I have been a part of the compensatory movement since its beginning. s such, I have observed the beneficiaries of the Title I program from atteras to Hiwassee, or from the eastern coast to the western mountains of orth Carolina. It is unfortunate that the Congress cannot possibly visit ll classrooms, reading laboratories and other spaces where a loving staff eets expectant students. Educators and the nation are indebted to this ommittee and the Congress for providing the resources and the covenant to hange so many lives from one of despondency to one of expectancy.

This past year (1976-1977) over fifty million dollars ($50,000,000) of itle I funds were spent in North Carolina to serve more than one hundred wenty-five thousand (125,000) children in specially designed educational rograms. These children were taught by almost two thousand five hundred 2,500) highly trained teachers and/or over three thousand (3,000) competent ides.

Evaluation reports from local educational agencies indicate that many articipants make one month gain in reading for each month involvement in a eading program.

As a State director of the compensatory education program through itle I of ESEA, I wish to make some suggestions which I think will provide ore efficient management and, most importantly, assure even greater possibility of success of the thousands of children and youth in North Carolina.

FUNDS ALLOCATION

As a data base for the formula, the official census is the most reliable, complete and nationally acceptable count of children from low income families.

A recent study by the National Institute of Education indicates that Title I funds are serving the student population Congress intended. To change either the basis used for determining the amount of resources to a State or Local Education Agency (LEA) or the distribution of these resources within the State or LEA may eliminate services from those children which the Title I authors sought to serve. To avoid reliving the agony this committee suffered during 1973-1974 to arrive at a fair and reasonable formula, I share the wish with many of my fellow educators that this debatable point should be avoided by extending Title I with *no change in the formula except to consider Low Rent Housing funds for Title I programs supported from PL 81-874 (School Assistance for Federally Affected Areas) be allocated through Title I of ESEA.*

Confusion in management, delays in receipt of funds, and lack of knowing the level of funding have created inefficiency in the use of these funds in providing services to eligible children.

PROGRAM IMPROVEMENT

1. Parent Advisory Councils

   Parent Councils to advise the LEA in planning, implementing and evaluating the Title I educational program is a valuable asset to the quality of the approved program. The school advisory council has not met with equal success. I would like for you to consider use of Title I funds to assist parents in participating in the instructional program of their children in a school rather than participation in the managerial aspects of the program. For example, many parents are attracted to what they can do at home which will have a positive effect upon their child's progress but will show little interest in the administration of the school educational program. For this reason, *I suggest you consider parent involvement instead of Parent Advisory Councils at the school level and retain the Parent Advisory Council at the LEA level only.*

2. Individual Education Plan

To require written individualized Educational Plans for Title I children may have an appeal but does not necessarily improve the child's achievement. Title I programs are designed to meet the differences of each child. Planning and record keeping are important; however, it should not become so time-consuming that some children will be eliminated from an opportunity to participate because the teacher's teaching time is further reduced by paperwork. Therefore, *I suggest that teachers and educators be allowed the flexibility to use the variety of techniques and methods which will most likely bring the expected results.*

3. Comparability

Meeting the tests of determining comparable use of State and local funds in "target schools" and "non-target schools" has not been a serious problem in North Carolina. It should be noted, however, that completing a detailed school study does require considerable staff time, especially in the larger LEAs with many schools and thousands of staff. *I would like to encourage the adoption of legislative language which will permit State Education Agencies to develop acceptable alternatives.* For example, for those LEAs whose organizational pattern is rather stable, comparability could be statistically demonstrated every third year with the SEA approving the LEA policy for the equitable assignment of staff the other two years.

4. Evaluation

Current legislation strongly emphasizes needs assessment, planning and evaluation. We believe that new legislation should continue these emphases. The several independent evaluation studies mandated by the Education Amendments of 1974 are beginning to provide valuable information, and the evaluation models now being promoted by USOE provide us with the prospect of being able to amass meaningful longitudinal data at the State and National levels. *To assure the accuracy and the reliability of the data to be collected and to promote the effective use of that data, additional resources for new staff must be made available.*

5. State Administered Programs

Continued funding for State administered programs for the migrant, neglected and delinquent and the handicapped children is vital to the educational success of thousands of North Carolina school age children.

   a. *I urge you to continue support, without significant change, the educational opportunities for our youth in institutions for neglected and delinquent children and for youth in correctional facilities.* This program has been highly successful.

   b. *I strongly recommend that programs and funds for children in State operated and State supported institutions be administered through the Education for the Handicapped Act (PL 94-142) without a reduction in support for these children.*

   c. I do encourage you to consider the following suggestions for improving the Migrant program.

      1) *Legislation entitling the crew leader to act as a guardian of a migrant youth would open new educational opportunities to many migrant children not eligible within the limited definition.*

2) *Current legislation allowing former migrants to receive special services for five years should be retained.*

3) *The Migrant Student Record Transfer System has been and should continue to function as a means of providing data for the migrant child's educational progress.*

STATE ADMINISTRATION

1. The State strongly supports increasing the Administrative set-aside funds from the 1% to 1-1/2%. *It is recommended that each State develop a written plan for the additional 1/2% which would indicate how the quality of services to children would be improved.* Some examples of increased SEA leadership might be:
   a. To select and validate exemplary programs within the State which could be adapted or adopted in other LEAs.
   b. To organize and support a State Parent Advisory Council who will seek ways to improve the effectiveness of parent involvement at the school level.
   c. To recommend a variety of techniques to LEAs for improving LEA Parent Advisory Councils, parent involvement and use of volunteers.
   d. To design an improved evaluation system which would be beneficial to the LEA, the State, and the National evaluation of Title I.
2. As the State Director of Compensatory Education, I fully recognize the greatest impact upon educationally disadvantaged children will result from direct, specialized services to the children. The legislative mandate places the responsibility upon the State to review and approve projects, monitor projects, provide technical assistance for the improvement of the quality of programs, improve the capability of the SEA and LEAs to evaluate the Title I efforts, etc. The increasing demands of new and

expanded Regulations have over-extended the ability of the SEA staff to deliver the quality or degree of technical assistance needed.

3. The State has reduced the number of personnel by one in FY 1976, two in FY 1977 and two in FY 1978. This reduction in staff has reduced the leadership capacity of the SEA. The salary budget for the present staff is almost equal to the FY 1978 administrative grant. The SEA probably will have to reduce its staff again in FY 1979. A recent NIE study indicates a direct relationship between quality of State and Local administration to the number of SEA staff members.
4. Due to increasing requirements imposed by the legislation and related Regulations, the reduction of staff has been in the category of personnel who could improve the quality of programs for children. The first priority has been to retain those staff who can provide technical assistance as needed to assure the SEA that the LEA is complying with the requirements of the Regulations.

North Carolina is justifiably proud and appreciative of the contribution Title I of ESEA has made in the educational opportunities of disadvantaged children. Since 1965, due largely to the successes of Title I of ESEA, the State General Assembly instituted kindergarten programs for all five year olds, restricted class size at all grade levels, committed resources to eventually provide an aide to each classroom teacher in kindergarten through grade three, and began an Every Pupil Testing Program to evaluate the academic progress of children. These are examples of the State's major accomplishments which are directly related to achievements in ESEA, Title I programs. You, the State Education Agency and local communities working together will make a difference in the lives of thousands of disadvantaged children in North Carolina. Thank you for your continuing commitment to these children.

EDWARD DLG. PANGELINAN
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November 11, 1977

Mr. John F. Jennings
Counsel, House Education Subcommittee
B 346 C Rayburn Building
Washington, D.C. 20515

Dear Jack:

The Northern Mariana Islands has recently passed another milestone along its course towards self-government which has direct and immediate bearing on the eligibility of the Islands to participate in federal programs as a political entity separate from the Trust Territory. On October 24, 1977, President Carter, by official proclamation, approved the Constitution of the Northern Mariana Islands and determined January 9, 1978 as the effective date for installation of constitutional government.

As a follow-up to our meeting on October 13 with Arlene Horowitz and the representatives from the other territories, I am enclosing a statement detailing the present status of the NMI along with copies of the Covenant and the Presidential Proclamation for documentation which should clarify the situation. It is our hope that the NMI can now be identified as a separate entity (separate from the Trust Territory) for the purposes of those federal programs authorized under the Elementary and Secondary Education Act, and indeed in all subsequent education legislation for which it is eligible according to Article V of the Covenant. As you probably remember, at our meeting you suggested we submit a statement of this kind for inclusion in the record of the testimony for the ESEA amendments. In the interest of efficiency, we thought we would also try this means to have the NMI defined as a state for other subsequent education legislation as well. As you will note, the last paragraph of this statement offers phrases for both the more limited and broader approaches. It should be noted that the Marianas has already been included as a "state" in the 1976 amendments to the Vocational Education Act.

We would appreciate any thoughts you may have on the statement and/or whether this is a proper means to achieve inclusion of the NMI in all future education legislation for which the NMI is not already identified as an eligible direct grantee.

Thanks ever so much for your help.

Sincerely yours,

Linda Whitney

Linda Whitney

Enclosures

c (with enclosures):
Arlene Horowitz
Malaetasi Togafau
Del Pangelinan
Chris Ford
Barry Schumacher
Steve Toms

In accordance with the provisions of Article V of the Covenant establishing the Commonwealth of the Mariana Islands in political union with the United States of America (P.L. 94-241), Section 502 provides that the Northern Mariana Islands will be qualified to participate in "those laws which provide federal services and financial assistance programs and the federal banking laws as they apply to Guam . . . and those laws which are applicable to Guam and which are of general application to the several states". Under the provisions of the Covenant, the people of the Northern Mariana Islands were required to formulate and adopt a constitution of their own and that constitution was to have been approved by the Government of the United States before the applicability of Article V could take effect. The people of the Northern Mariana Islands on March 6, 1977 approved the Constitution and it was subsequently submitted to the United states for its approval. The Constitution, by the operation of law, was approved on October 22, 1977. The President of the United States on October 24, 1977 proclaimed that the Constitution of the Northern Mariana Islands will take effect on January 9, 1978. The provisions of Article V of the Covenant extend to the Northern Mariana Islands the eligibility to participate in those programs in which Guam participates, effective January 9, 1978. On that date, the Northern Marianas will have achieved the status of a self-governing legal entity.

Therefore, in keeping with the intent and spirit of P.L. 94-241, the Northern Marianas should be considered on January 9, 1978 as a separate political entity for the purposes of (amendments to the Elementary and Secondary Education Act) (subsequent education legislation) and thus be eligible as a direct grantee of federal programs in the same manner as other outlying areas.

League of Women Voters of the United States 1730 M St., NW, Washington, D. C. 20036 (202) 296-177

STATEMENT TO THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR

BY THE LEAGUE OF WOMEN VOTERS OF THE UNITED STATES

ON THE

REAUTHORIZATION OF TITLE I OF THE ELEMENTARY AND SECONDARY EDUCATION ACT

NOVEMBER 1977

The League of Women Voters of the United States is pleased to present our views on the reauthorization of the Elementary and Secondary Education Act. At this time we will confine our comments to Title I, but we look forward to sharing our views on the other aspects of ESEA legislation which we have followed closely at a later stage in the Congressional hearing process.

The League is a volunteer citizen education and political organization of 1,400 Leagues with approximately 140,000 members in 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. We have long been committed to equal educational opportunity, a position that has led to our active support of federal legislation aimed at meeting the special educational needs of the disadvantaged. As our position reflects, the League recognizes that access to educational opportunity is a key factor in combating poverty and discrimination. In its most recent statement of position, the National Board stated, in part: "Members of the League of Women Voters of the United States believe the federal government shares with other levels of government

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responsibility to provide equality of opportunity for education, employment and housing for all persons in the United States. Employment opportunities in modern, technological societies are closely related to education; therefore, the League supports federal programs to increase the education and training of disadvantaged people."

We believe that Title I represents a sound approach to meeting the special educational needs of disadvantaged children and support its renewal.

We would like to discuss some specific aspects of the Title I renewal debate that concern us. First of all, the issue of funding levels. It is critical to point out that Title I appropriations have never even approached authorization levels. As a result, Title I programs have never reached all the children they were designed to help; in fact, current estimates show that only about half of the children eligible for assistance receive it. We strongly recommend that Title I be fully funded so that all eligible children will be able to participate in Title I programs. We further urge Congress to reenact ESEA for five additional years swiftly, so that the renewed law will be effective in Fiscal Year 1979. Since Title I is forward-funded, a delay in its reenactment would impose serious burdens on the thousands of school districts that receive Title I funds, not to mention the children for whom continuity of services is crucial if they are to derive lasting educational gains. Experience shows that for federal compensatory programs to have maximum impact, school districts should be able to develop plans with some certainty that if they meet the program requirements, then funding will be available.

We understand that legislation will be introduced that would use test scores as the method of determining the allocation formula for Title I funds, and we want to express our opposition to such a change. We support the retention of a poverty measure as the means of allocating Title I funds. The League opposed changing the measure from economic disadvantage to test scores during the last Title I renewal debate, and we remain firm in our conviction that such a change would be disastrous to the program's goals.

As we pointed out in our statement to the General Education Subcommittee of the House Committee on Education and Labor back on April 19, 1973, "Allotment of funds for Title I programs on the basis of 'educational' disadvantage or deficiencies would spread the already inadequate funds among too many students, thus weakening programs for children who suffer under the double handicap of economic and educational disadvantage."

Using a testing standard would actually penalize successful Title I programs, since children who achieved higher test scores would become ineligible for the very services under Title I that had boosted them up. To get programs reinstated, test scores would have to drop. Such a "vicious cycle" approach would be harmful to the educational attainment of poor children, and that is what Title I is all about. There is yet another remaining problem with using testing as the measure for determining the allocation formula: we simply do not have a reliable unbiased test that adequately measures educational attainment for all children.

There is another question related to the formula – that of distribution, that we would like to comment on briefly. We have already stated that we believe full funding of Title I is critical. This belief stems from our firm conviction that disadvantaged children from one part of the country should not have to compete for funds with disadvantaged children from another part of the country. Rather, the Title I program should meet the needs of all children it was designed to serve.

In retaining a formula that allocates funds on the basis of economic disadvantage, Title I should have requirements for frequent up-dating of the poverty figures used to determine the count of eligible children so that funds are indeed concentrated in areas of high-poverty populations.

As you know, Title I has a number of safeguards written into the law that were devised to maintain and affirm the categorical, compensatory nature of the program run by local education agencies (LEAs). Many of these safeguards were added to the original law as amendments only after monitoring the early years of Title I implementation by civil rights and education advocates revealed serious program abuses. The League supports all existing requirements in the law that are designed to assure that Title I focuses on compensatory services for disadvantaged children in target areas. We would oppose any attempt to dilute Title I in the direction of a general aid program.

The report on Title I (Administration of Compensatory Education) released this September by the National Institute of Education (NIE) makes it clear that there are strong reasons for retaining the provisions relating to funding restrictions and enforcing them vigorously. First of all, it points out that "State and local governments historically have neglected the educational needs of children from poor areas." Further, the report makes clear that "there are strong incentives at work to dilute services to (Title I eligible) children and to use the money for more general aid purposes."

We would like to discuss parent involvement, an area of special concern to the League. The League believes, as reported in the League of Women Voters Education Fund's 1976 publication, Education: Problems in Equity, that "without the attention of local citizens and the involvement of parents, it is doubtful that compensatory education programs will go very far to provide equal educational opportunity for all children."

Under the law, Parent Advisory Councils (PACs) have responsibility for advising school districts in the planning, operation and evaluation of Title I programs. School officials are required to meet with PACs to explain the program and assist PACs in assessing needs, selecting priorities and target schools, developing the program design and evaluating program effectiveness. Although many school districts have encouraged active PAC involvement in all phases of Title I, too many others have been derelict in their obligation to provide PACs with appropriate orientation, information and training materials. The League believes that the law should be strengthened to provide better opportunities for effective parent involvement.

Access to information is a key factor in effective parent involvement. Although the law does stipulate that every PAC member must be supplied with Title I documents and that citizens must be furnished with such documents upon request, neither the statute nor the regulations specify that the documents should be supplied at no cost. We believe that at a minimum, the PAC should be provided with at least one free set of documents, but preferably all costs should be absorbed by the school district. If the "reasonable cost" standard is retained for the provision of any documents, then it should be defined as no more than five cents per page, so that an undue burden is not placed on concerned low-income parents and so that school officials do not use it as a rationalization for withholding information.

Once the law is reenacted, the Office of Education (OE) should disseminate a policy manual that explains the statutory and regulatory requirements of Title I as well as the interpretations of those requirements. This information, which should be written in a manner that makes it readily understandable to parents and citizens, should be distributed to all PAC members. It should be updated regularly. NIE, in its recent report on Title I, pinpointed lack of information dissemination by OE as one of the major deficiencies in OE's administration and recommended the preparation of such a policy manual.

Overall, OE must assume more responsibility for making sure that the spirit and letter of the law regarding parent involvement are upheld. In addition to disseminating a policy manual, OE should be mandated to increase its staff commitment to monitoring parent involvement and providing technical assistance; hold annual workshops for local Title I officials on techniques for facilitating parent involvement; and identify successful PAC models (as it has identified successful Title I programs) for national dissemination.

During his testimony before this committee, Dr. Richard Fairley, Director of the Division of Education for the Disadvantaged (DED) of OE, noted that "additional strengthening of the PACs may be warranted." He also mentioned exploring other ways to more closely tie parents into their children's instruction, such as home learning programs. We support such efforts to more intimately involve parents in their children's education, and would advocate exploring other ways to bring it about, such as expanded opportunities for paraprofessional roles for parents.

Finally, we would like to comment briefly on a couple of administrative aspects of Title I. First of all, we think that DED should be upgraded within OE to more adequately reflect its importance in program priorities. Presently, although Title I represents nearly one-third of OE's budget, it has less than two percent of OE's staff.

Title I has been plagued by misinterpretations in administering the law and applying audit standards. In order to have a clear, consistent interpretation of the law, OE and the HEW Audit Agency must be required to agree on standards for program operation, monitoring and accountability so that these standards can then be disseminated to all parties involved with Title I implementation.

We would like to close by reiterating our support for Title I of the Elementary and Secondary Education Act. We believe that the well-documented difficulties with its administration can be corrected through more vigorous enforcement efforts on the part of OE and clarification of the interrelated roles of OE, HEW, SEAs, LEAs and PACs. We do not believe that the problems in implementing Title I according to the full intent of the law should detract in any way from its demonstrated success in making equal educational opportunity a reality for thousands of disadvantaged children. We call your attention to our recommendations for strengthening Title I and ask for your support.

STATE OF IOWA • DEPARTMENT OF PUBLIC INSTRUCTION
GRIMES STATE OFFICE BUILDING • DES MOINES, IOWA 50319

ROBERT D. BENTON, Ed.D., STATE SUPERINTENDENT
David H. Bechtel, M. S., Administrative Assistant
JAMES E. MITCHELL, Ph.D., DEPUTY SUPERINTENDENT

October 28, 1977

Congressman Albert H. Quie
2182 Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Quie: RE: PL 93-380

I apologize for sending this amount of material to you, but it appeared to be the only avenue left open to me.

I have been the Title I Coordinator for the State of Iowa for about seven years. I believe in the program, and I believe I know where most of the strengths and weaknesses lie in the total effort.

I had hoped that a representative group of the National Association of State Title I Directors could have been invited to provide testimony directly to the Committee on Education and Labor. I believe our group was negligent in not requesting such an opportunity. I did not personally request this privilege, because I was under the impression that the Association would do so. Therefore:

1. I have developed a few topical "papers" which I believe to be important and have sent them to you.
2. Obviously, there are a few other refinements that can be made in Title I, ESEA, but I have spoken to enough issues for now.
3. I would be pleased to provide additional information or clarification of what has been submitted if you so desire.
4. I believe the two priority issues to be Program Consolidation and Program Improvement Funds.
5. I have submitted identical material to Congressman Perkins.

I wish you well in the coming legislative endeavors, and I thank you for your efforts.

Thank you.

Sincerely,

Oliver T. Himley

Oliver T. Himley
Chief, Title I, ESEA

OTH:jcs
Enc.

P. S. I hope my ideas aren't too far afield from yours in view of my having been born and raised near Montevideo in the great State of Minnesota!

PROGRAM CONSOLIDATION

Existing Condition:

A number of federally funded educational programs are available for the educationally disadvantaged. P. L. 89-313 provides for programs through Title I for the handicapped in state institutions. Many programs have set-asides built in for the handicapped.

Existing Problem/s:

One can remember the flourish with which Head Start Programs were initiated. It was soon realized that the gains were soon washed out in kindergarten or first grade. Another program--Follow-Through--was then initiated to maintain such gains through grade three. This program was to develop models and this was accomplished years ago and yet the program lives on. Title I arrived on the scene at about the same time. A few years later, Right to Read, which still hopes to eliminate illiteracy by 1980, was started. A handful of programs like Project Developmental Continuity have been implemented. A program--Special Needs--was implemented to focus on the vocational training for the disadvantaged. At times, one hears individuals (usually those not familiar with the details of the programs) promoting the concept of "linking" funds. The various program application procedures and regulations usually make it difficult and many times impossible to legally "link" funds.

All of the programs require separate applications. All programs have bureaucracies from the federal to the local level. All probably require such things as needs assessments, objectives, evaluations, advisory committees, etc.. Many of the programs are quite small in terms of dollars, number of LEAs, or youngsters served. True accountability is virtually impossible as is a coordinated effort in behalf of the population for whom such programs are intended.

Proposed Alternatives:

1. It would appear that with the advent of P. L. 94-142 (Education of the Handicapped Act), the need for set-asides is either greatly diminished or non-existent.

2. P. L. 89-313 responsibilities should now be made a part of a comprehensive Education of the Handicapped Act, such as P. L. 94-142.

3. Basically, one federal program should be established for the Educationally Disadvantaged.

   Part A of such legislation could consolidate the current Head Start, Follow-Through, etc.. Types of programs to establish the Early Childhood (prekindergarten and kindergarten) portion of such legislation.

Part B could be Elementary and/or Secondary education programs.

Part C could be the state administered institution programming, etc. etc..

Potential Benefits To Be Derived From Consolidation:

1. Far less bureaucracy for the applicant agencies--
2. Greatly improve the potential of program continuity--
3. Greatly improve accountability for all concerned and--
4. Increase funds available for programs by reducing the bureaucracy now inherent in separate program entities.

PROGRAM IMPROVEMENT FUNDS

Existing Condition:

All Title I funds, except for SEA administrative funds, are allocated to LEAs. SEA administrative funds are not reallocatable to LEAs. SEA administrative funds are usually insufficient to truly adequately perform all of the expressed or implied legal responsibilities found in the legislation and regulations.

Existing Problem:

Much has been learned in recent years as to what works and what doesn't work in compensatory programs. Much remains to be learned. No truly viable funding mechanism is available to the SEA (without stretching some legislative interpretations) to promote or accelerate the program improvement effort at the LEA level. Program improvement can only occur at the LEA level. The SEA, USOE, and yes, even the Congress cannot obtain quality without concerted LEA effort.

At the risk of creating a problem for the state, this state acknowledges that it has interpreted the reallocation "need" of an LEA to include the "need" to improve the Title I program in a meaningful way. The state has done so for basically two years by reallocating very modest sums to a number of LEAs on a competitive proposal basis. This has been done with the knowledge of USOE and the results have been most gratifying. It has probably been one of the most effective efforts in this state to improve program quality. Such program improvements can then be shared with other LEAs to create a multiplier effect. The basic problem is that it might be viewed by some as a too liberal interpretation of the legislation.

Proposed Alternatives:

1. Provide a 1 or 2% set-aside of the state allocation for program improvement purposes.
2. Add a phrase in the amended legislation or include some mention of this possibility in the Committee Report accompanying the Bill which would provide the legal basis for utilizing reallocation funds in this fashion if so desired.

Potential Benefits:

1. Program quality would be improved and isn't that what we all desire?
2. It would provide a way to not only improve program quality, but accelerate the rate by which the improvement occurs.

P.S. This venture has tremendous possibilities. I would be pleased to provide additional insights as to procedures, projects, results, etc.

SELECTION OF ELIGIBLE ATTENDANCE CENTERS

Existing Condition:

Currently, it is necessary to select eligible attendance centers according to economic criteria. It is entirely legal for an LEA to have separate poverty averages for the elementary, the junior high, and the senior high schools.

Existing Problem/s:

Desegregation problems can be compounded when economic criteria is the only basis for selection of eligible attendance centers.

Iowa has only eight LEAs with more than one high school attendance center. The state does have a significant number of LEAs with only one junior high school and one senior high school, but yet having more than one elementary school attendance center. The LEA can then legally qualify the junior and senior high schools but not all of the elementary schools. This simply means that in spite of the fact that his/her needs can be identified at an early age, we in essence tell some youngsters to be patient and understanding until they are in junior or senior high school so that we can then serve them. This is neither educationally or morally defensible. By that time, they are often beyond recovery or will drop out of school. Some people believe the provision for "no wide variance" in the regulations, takes care of matters like this, but it doesn't.

Proposed Alternatives:

1. Permit LEAs to select their eligible Title I attendance centers on the basis of numbers or percent of educationally disadvantaged youngsters as opposed to having to use only economic criteria.
2. Any youngster who will obviously, due to LEA size, etc., be eligible for Title I service in high school, should be permitted to receive such service at the elementary school level.

Potential Benefits to be Derived From Proposed Alternatives:

1. LEAs would be able to invest their Title I funds in the attendance centers that have the highest incidence of educational deprivation.
2. Desegregation problems would be reduced in some circumstances.
3. Permit an LEA to provide appropriate and timely remediation efforts by serving the educationally disadvantaged youngsters at the elementary level to a greater extent. Why compel LEAs to wait until a youngster is three, four, or five years below grade level and in the secondary schools, when that same youngster can be identified when he/she is six months below grade level in grade two?

OFF THE TOP FUNDING

Existing Condition:

Historically, some Title I program facets have been funded in full and off the top of the appropriation. The programs which, by law, are fully funded are the State Institutions for the Handicapped, the State Institutions for Delinquent or Neglected youngsters, Adult Corrections Institutions, and the Migrant programs.

Existing Problem/s:

1. LEA funds are ratably reduced in terms of what is left over from the other programs funded in full.

2. P.L. 94-142 hopefully rectifies the situation for the handicapped to the point where full funding from Title I is no longer necessary. If suitable programs are implemented as mandated, one might raise the question as to how one can legally supplement such programs.

3. As an illustration of funding inequities one can cite as an illustration our State Boy's Training School and an LEA. The Training School receives $103,927 and serves a population of 200 boys at most any point in time. By comparison, a well recognized LEA in our state receives $102,881. This LEA has an enrollment of 3600 students with a district-wide poverty index of 13%. This funding arrangement seems grossly unfair, unwarranted, and should be modified so that everyone is treated equally.

4. Migrant funding is based upon numbers of such youngsters registered in the respective states and entered in the data bank in Little Rock, Arkansas. Migrant funding is provided for the "true" migrant and an additional five years for the "settled out" migrant. It is somewhat common knowledge that some states employ "recruiters" whose responsibility it is to seek out such migrant children and enter their names in the data bank. This, in turn, generates funding *whether a youngster is actually served with an instructional program or not*. In addition to this, one frequently hears about rather massive numbers of illegal aliens streaming into this country. It is not suggested that nothing should be done to assist such people, but funding should be based at least only on those actually served.

   Another interesting way to analyze this program is to compare it with federal funding for the Southeast Asian Refugees--many of whom also were seeking agricultural employment. That program resulted in basically a $300 per student payment for *two* years.

The migrant allocation is probably more in the realm of $600 per student and continues for five years for "settled out" migrants.

Proposed Alternatives:

1. Eliminate full funding and off-the-top for any group or group

2. Reduce funding for settled out migrants to two years. This would be consistent with what has been done for the Southeast Asian refugees.

Potential Benefits to be Derived from Suggested Alternatives:

1. It would equalize Title I funding for all of the disadvantage youngsters.

2. It would provide consistency of federal fiscal effort for the Southeast Asian refugees and the settled out migrant people.

STATE ADMINISTRATIVE FUNDS

Existing Condition:

State administrative funding for the Title I, ESEA, program is on the basis of one percent of the state allocation or $150,000, whichever is greater.

Existing Problems:

1. I understand that some individuals believe that the increase in appropriations for Title I has somewhat automatically provided for state administrative funding needs. Since the SEA administrative funding was last increased, the distribution formula has been changed and many states have received no or virtually no increases in such funding. Iowa, as a case in point, has had the following LEA Grant Awards:

1966	$16,967,315	1972	$15,464,659
1967	15,121,342	1973	16,336,397
1968	15,153,804	1974	14,601,661
1969	13,721,475	1975	14,661,224
1970	16,092,900	1976	15,090,203
1971	15,283,497	1977	15,265,566
		1978	16,636,920

   One can readily observe that the state has, for all practical purposes, remained constant in funding and consequently, administrative funding as well.

2. Additional SEA administrative responsibilities have been added in recent years. Illustrations would be, the 874 low rent housing program responsibilities, increased comparability responsibilities, and evaluation efforts.

3. States should be doing more than simply processing application forms and checking on the various legal aspects of the effort. Somewhat constant levels of funding along with inflationary staff and other operational costs as well as the added responsibilities have virtually eliminated most possibilities to do as much as should be done in improving the quality of programs.

Proposed Alternatives:

1. Raise the SEA administrative funding level to $300,000 or 1.5 percent of the state allocation--whichever is the greater.

2. Authorize an additional $50,000 to $75,000 to states that would employ reading, mathematics, and early childhood specialists to work exclusively in Title I program improvement efforts.

Potential Benefits to be Derived From Proposed Alternatives:

1. Some changes will obviously be made in the new legislation. Such legislative and resulting regulation changes require renewed orientation and monitoring efforts for the benefit of the recipient

agencies. This could be more effectively and efficiently accomplished with adequate staff numbers.

2. SEAs can and should do much in the program improvement area as well as having to be concerned with the legal aspects. One could easily design a program that is completely legal, but yet ineffective. Greater emphasis must be placed on improving quality. That is not to suggest that quality does not exist now--it does in many places. There is, however, always need for improvement and the rate of such improvement can be enhanced with concerted SEA effort.

PARENT ADVISORY COMMITTEES (PACs)

Existing Condition:

PACs are usually required at each attendance center served with Title I funds, as well as a district-wide PAC being required. No state PAC is required, nor are PAC sign-offs required on the LEA application.

Existing Problem/s:

The Education Amendments of 1974 (P.L. 93-380) required the establishment of a PAC in each participating Title I attendance center plus the establishment of a district-wide PAC. The Conference Committee required both. The net effect is illustrated below:

LEA#	FY 1977 Allocation (to the nearest $5,000)	# PACs Required	Enrollment in Title I Centers	# of Kids Served in Title I Programs
1	$ 35,000	5	2,255	151
2	90,000	7	1,063	240
3	40,000	8	1,874	185
4	75,000	7	1,700	219
5	30,000	4	1,208	92
6	50,000	6	1,703	296
7	60,000	4	1,075	151
8	25,000	4	1,023	189
9	75,000	8	2,321	170
10	85,000	7	2,694	225
11	35,000	6	1,130	195
12	30,000	3	1,159	104
13	40,000	5	1,378	215
14	50,000	5	1,640	295
15	40,000	5	1,220	106
16	400,000	9	3,483	1,058
17	120,000	7	2,156	440
18	215,000	11	4,835	530
19	220,000	11	3,286	900
20	465,000	21	6,280	1,811

The situations cited above represent only a sampling of LEAs and resulting situations. LEA 11, for example, serves 195 youngsters in Title I with it's $35,000. They are expected to have six PACs for this effort. Does an LEA truly need advice from six advisory groups on how to spend $35,000? That, today, could be a two or three teacher program. Furthermore, let's assume that the district PACs meet six times and each of the building PACs meet six times. This means that someone at the LEA has thirty-six afternoon or evening meetings on how to operate a $35,000 program!

From what one reads now, there is a concerted effort to mandate a state PAC and to require a PAC sign-off on the LEA application.

Proposed Alternatives:

1. Provide options for an LEA as to whether they wish to have: A. Building PACs; B. District-wide PACs; or C. Both, as are currently required.
2. Require the individualized educational plan as discussed in 141(a)(14)(b) of P.L. 93-380. Parental involvement as to their own youngster/s can be more meaningful for the parent/s and helpful to the youngster by this process as opposed to such heavy emphasis on PAC.
3. Do not mandate a state advisory committee. The legislation and regulations are written basically, for the LEAs. The SEA responsibilities are also communicated via the legislation and regulations. There is nothing that an SEA could do with advice, other than ignore it, if it would constitute a violation. If it would not constitute a violation, then there is no need for the advice.
4. Do not mandate a parental sign-off requirement for an LEA application. Boards of Education are legally charged with this responsibility in the respective states. School districts cannot be administered by a series of advisory committees.

Potential Benefits to be Derived From Proposed Alternatives:

1. A greater depth of understanding of the Title I program can be had by all concerned through the development of Educational Plans. This state has done this with all LEAs, and the results have been most gratifying.
2. A more functional role can be developed for parents when they are truly involved with their own youngster/s' program as opposed to giving advice which may or may not be needed or even legally acceptable.
3. A more realistic and/or practical situation could be achieved if the number of PACs required would be diminished.

In closing, the suggestions are not designed to diminish the input of or the importance of parents--after all, most of us are parents! The suggestions are made, however, in the spirit of involving parents in a meaningful fashion in the total educational process.

AUDIT MATTERS

isting Condition:

Audits are necessary evils for all to contend with in programs like tle I. The five year Statute of Limitations provided for in P.L. 93-380 s of much help and a step in the right direction.

xisting Problem:

1. There is no limit as to time in which the process must be completed. This state received a "Letter of Final Determination", for a 1966-69 audit, on May 6, 1974. The matter is as yet unresolved! The state has patiently (I guess) waited for O.E. to react periodically to a meeting, conference, or hearing that has been held. The state was then informed as to the result of that hearing over one year later — October 17, 1977. It is still not settled in spite of the fact that the amount of the audit exception has gradually been reduced from about $196,000 to $4753. Each time the material, etc., is reviewed by a different group of individuals and, obviously, the information is interpreted differently or misinterpreted entirely. Keep in mind that this is a matter dating back to 1966-1969 that will not be settled until sometime in 1978. The five year Statute of Limitation merely established the time frame by which audit claims must be declared by O.E. Obviously there is no mandate to "clear" the claims within a reasonable amount of time. Furthermore, there is no "margin of error" or "tolerance of error" level that O.E. can legitimately forgive. They must, therefore, pursue the matter regardless of the insignificance of the amount. The state is then faced with the situation of having to repay such amounts regardless of real guilt or innocense simply because the time and cost element probably has to take precedence over principle.

Proposed Alternatives:

1. Reduce the Statute of Limitations to three years.
2. Implement a five year complete Statute of Limitations which would include the hearing of all appeals and ruling on all such appeals within five years of the date of alleged violation.
3. Implement a "tolerance of error" level. An example might be that if O.E. through one or more of the appeal procedures can legitimately reduce an audit exception to $25,000 or less, then the matter is considered closed.

Potential Benefits of the Proposed Alternatives:

1. The procedure would then truly become a five year State of Limitations.
2. It would compel reasonably prompt resolution of such problems.
3. It would introduce a concept of dealing with major problems with respect to auditing and settlements as opposed to having to deal in trivia.

CESA

COOPERATIVE EDUCATIONAL SERVICE AGENCY, NO. 3

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WABENO
WAUSAUKEE
WHITE LAKE

July 26, 1977

Robert J. Cornell
Capitol Hill Office: 1512 LHOB
Washington, D.C. 20515

Dear Father Cornell,

I have received a copy of the letter sent to you by Congressman Quie in response to my letter of June twenty-first, as well as the Congressional Record from June second when HR 7571 was introduced. Thank you for your concern in this matter.

In his introductory remarks, Congressman Quie quotes Dr. Owen B. Kiernan, "Using educational need, rather than income level to determine eligibility for Title I, is a constructive approach. We agree that Title I should not be an educational subsidy tied to low income. Rather, it should be an educational subsidy tied to low achievement."

At the present time Title I locally is serving those children with the greatest educational need disregarding low income data, which is only used for allocation purposes. Many times in talking with parents, I have praised congress for writing this feature into the original law.

I totally agree with Congressman Quie that the current method of obtaining census and AFDC data is cumbersome and outdated. I would suggest that instead of funding a national assessment (NAEP), states be allowed money for updating low income data on a two or three year basis. In Congressman Quie's proposal, he said, "Once the dollars are received at the state level, it will be up to the State to devise the means to accomplish intrastate allocation." What happened to the non-biased testing of 7-year-olds?

Adjustments should be made in the targeting procedure also, as mentioned by Congressman Quie when quoting Mr. George Barnes from Clearfield, PA. I am enclosing copies of the legislative recommendations made by the Wisconsin Association of Title I Co-operative Directors and the Title I Directors from large cities in Wisconsin. Note the suggested change for the targeting procedure.

I appreciate the difficulty you have in making decisions in so many different areas. If I can be of further help, please let me know.

Sincerely,

Wanda Richards

Wanda Richards, Director
ESEA Title I - CESA #3

The following are recommendations that the Wisconsin Association of Title I Co-op Directors would like to have considered for adoption in the authorization legislation of ESEA Title I.

1. The continuation of the present categorical system for determining allocations for local school districts based on incidence of low income. National criterion referenced testing and funding based on educational need would be unmanageable.

2. Continued usage of the Orshansky formula until a better method can be devised for funding.

3. Using the same criteria (cut-off) for determining low income families in both rural and urban areas.

4. Continuation of the 85% hold harmless provision after the 1980 census.

5. Eliminating targeting requirements in a school district with a single high school. This would enable Title I to meet educational needs as population shifts occur within the elementary centers.

6. Comparability demonstration in October of each year only, exclusive of services provided to the handicapped.

7. Elimination of comparability and targeting requirements where districts are desegregating voluntarily or through court order. Title I funds should follow the child to the building of attendance.

8. Utilization of a five year census with a provision that more rapid dissemination of information be required of the census bureau.

9. Authorization for a multi (5) year period for the following reasons:

   a. decreased paperwork
   b. allows for more effective evaluation
   c. permits continuity of services to children
   d. retention of staff
   e. continuity and training of staff
   f. eliminates carryover problems.

10. Needs assessment, program application and narrative evaluation be submitted on a 3 year basis.

11. Process evaluation on a continual basis involving the usage of LEA instruments to monitor a child's, parents' and teachers' progress in the program.

12. Continuation of Parent Advisory Councils as an integral part of Title I.

13. The appropriation of sufficient funds to meet the increased costs of serving the educationally disadvantaged.

14. The set-aside of 30% of CETA funds to employ personnel to meet the needs of Title I eligible children in the upper grades. There is a demonstrable need nationwide in this area. CETA programs are usually quick funded but slow to start.

15. Continuation of forward funding.

16. The discontinuation of the incentive grants. These funds should be transferred to the basic allocation to the state and distributed according to state/county formula.

17. The elimination of provision of services for handicapped, neglected and delinquent children under ESEA Title I. There are too many areas where state and federal guidelines conflict or overlap. The Bureau of the Handicapped, or a like agency, in each state could better serve these children.

SUGGESTIONS FOR FEDERAL E.S.E.A. TITLE I LEGISLATION

Prepared by a committee representing
an organization of Title I
Directors of large districts in Wisconsin

May 26, 1977

Jerry Whitehouse	Green Bay
Joanne Kliest	Green Bay
Thomas Zulke	Kenosha
Dan Norton	Wausau
Joyce Mikol	Madison
Roger Jones	Racine

SUGGESTIONS FOR FEDERAL E.S.E.A. TITLE I LEGISLATION

INTRODUCTION

The twenty-five directors of Title I programs in Wisconsin districts with allocations of $100,000 or more have been meeting regularly over the past three years to share ideas and discuss concerns. On May 10, 1977 the group had the opportunity to meet with Mr. Jennings, Democratic Staff Assistant for the House Elementary, Secondary and Vocational Education Subcommittee. Many concerns and suggestions were expressed during the meeting and the decision was made for as many as possible of the Title I Directors to gather the following week to formalize the products of that session. The suggestions listed below represent the major changes this group would like to see incorporated in the new law as well as a concensus position regarding the poverty base method for determining allocations.

1. Allocations

We believe allocations to the States and districts should continue to be based on indices of poverty for the following reasons:

A. The results of the five year compensatory reading program study by the Educational Testing Service indicate a strong positive correlation between poverty and educational deprivation. Of all the programs in the study, Title I served the most severely educationally disadvantaged children.

B. A national assessment of achievement or even a statewide assessment would reward districts or states for poor achievement and discourage local initiative or the creation of local compensatory education programs.

C. Technical deficiencies in the measurement process preclude the collection and use of comparable information across states for the purpose of Federal-to-State allocation decisions. We believe an improved procedure based on income is, at this time, preferable to a change using achievement performance as a computational base. The possibilities for manipulation of measurement processes by prospective beneficiaries constitute a hazared that cannot now be surmounted. Use of the five year census will help. We believe additional expenditures to improve the quality of income data will be more productive than expenditures for achievement data and that the latter may be less sensitive to rapid population changes than poverty data.

2. Targeting

At the local level, we favor the freedom to use local discretion for a portion of the funds (i.e. 15%) in order to serve children in schools with demonstrable economic and educational need that do not meet targeting criteria. Children who live in pockets of poverty within high income level neighborhoods (such as low income apartments, trailer courts) have even greater educational problems since they must compete in a different educational environment. At present, the children cannot be served by Title I if the percentage or number of children in their school is below city average. These groups of low income and low achieving children in non-targeted schools cannot be given help by the local district without jeopardizing comparability.

The targeting problem is magnified in desegregated school districts. We strongly support and urge that clear language be added to the new Title I legislation permitting desegregated districts to use the entire school district as the target area or to otherwise adjust the targeting criteria.

3. Comparability

Because of the nature of shifting populations, it is almost impossible for school districts to comply with the requirement to demonstrate comparability at any given time upon request. Logistically, this is a difficult and expensive capability to develop and maintain, especially when it may never in fact be used. If there must be a comparability report we support an annual report at a predetermined date.

We believe that an LEA found to have one Title I school not comparable to other district schools should have only the portion of Title I funding withheld that applies to that school and not the funding for the entire LEA.

The requirements related to numerous comparability factors essentially impose Federal guidelines on what should be local decisions. Two examples are in textbook puchase and hiring of aides. Some districts allow local school discretion in adoption of texts and establish procedures by which some schools request major purchases one year while others make none. Eventually it equalizes but not necessarily in a three year period. In many districts, aides are assigned according to program rather than on a per pupil basis.

If the type of basic organizational pattern (i.e. IGE school) differs within a district, then assignment of aides will differ.

4. Auditing

It is our understanding that future audits will be more oriented toward program and management areas. If so, we believe that such auditors must have an educational background or be accompanied by educational consultants.

We support a change in the concept of auditing which would focus on making the audit process supportive rather than punitive so it could become a positive change agent. This could be accomplished by giving school districts a period of time within which they must change their procedures.

5. Forward Funding

We support the concept of forward funding and the ability to charge indirect costs. Because a number of the districts in Wisconsin have severe problems of cash flow, we would advocate any Federal action that can be taken to facilitate SEA implementation in Wisconsin.

6. Two Year Plan

We favor consideration of a two year approval sequence for LEA's for the targeting, needs assessment, and program proposal. A continuation proposal the second year could incorporate any changes. The present system has a variety of important and irreconcilable operating discrepancies. The overlap of planning for a subsequent year with deadlines for evaluations from the previous year makes the evaluation summary unusable in project development. The potential advantages of long range planning as a management tool are almost totally lost. For instance, we are asked to place no purchase orders after November because they would otherwise be filled too late for use in a current year, or we cannot provide inservice after school closes in June because the inservice would improperly be for the year to come.

An important aspect of two year program design would be the reduction in paper work, LEA administrative time and SEA staff time. We believe the changes in a district or in a program over a two year period are minimal.

7. Parent Advisory Councils

We support deleting the requirement for providing copies of the Title I Law, the Federal Guidelines, and state Guidelines to every P.A.C. member. We believe that these items should be made available to all members by providing reference copies to the chairperson of each building P.A.C.. Ecology and expense are the major concerns since most of this material is unread and wasted.

8. Parent Eucation

We support a specific provision in the law for the expenditure of money for parenting education where the intent is to improve the parents' ability to work with their children in the home environment. The importance of the home environment and parental involvement in the education of children has been widely supported by research.

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COMMITTEES:
INTERNATIONAL RELATIONS
JOINT ECONOMIC

Congreſs of the United States
House of Representatives
Washington, D.C. 20515

December 5, 1977

The Honorable Carl Perkins, Chairman
Subcommittee on Elementary, Secondary
and Vocational Education
B346C Rayburn
INSIDE MAIL

Dear Carl:

I am writing with reference to Title I of the Elementary and Secondary Education Act.

As I understand it, Title I dispurses funds to schools on the basis of the number of children from families who were classified in the 1970 Census as being "poor." This method of distribution, although it may have well been fair when enacted, no longer meets the real needs of many communities whose populations have grown out of proportion to that of surrounding areas. For example, the North Central Community School Corporation in Harrison County has experienced an increase of over 40% in student enrollment since 1970.

I understand that your Subcommittee has held hearings on the issue of a more equitable distribution. I hope you will keep in mind the plight of schools like those in Harrison County as you consider possible alternatives.

Sincerely,

LEE H. HAMILTON, M.C.

LHH:arbe

Statement by

Dr. Fred G. Burke

Commissioner of Education

State of New Jersey

House Subcommittee on Elementary

and Secondary and Vocational Education

ESEA Reauthorization

December 8, 1977

Mr. Chairman and Members of the Committee:

While I am disappointed that the Regional hearings in New York before which I was scheduled to testify did not take place, I had prepared the attached statement to be presented to you at that time. I thank you for allowing me the opportunity to place my views on the proposed re-authorization of the Elementary and Secondary Education Act in the hearing record. Following is my prepared statement:

Many people have come before this committee and its Senate counterpart, and spoken in favor of re-authorization of this central piece of federal education legislation. I, too, speak in support of ESEA re-authorization. But I come before this committee with a special concern--in a word, a special plea. I urge you to re-cast this vital piece of federal legislation with the needs of children in our city schools in mind. I believe that the time has come for the federal government to make the solution to the problems of urban education a national priority.

There are precedents for such a decision. Federal legislation has always served the purpose of focusing national attention on a perceived national need. From federal efforts at the turn of the century in support of vocational education to the identification of national needs in the hard sciences during the 1960's, the Congress has sought to provide assistance to local school districts for activities considered vital to the national interest. I submit that the education of children in our cities is a vital national interest, and the re-authorization of ESEA should reflect this national concern.

A thumb nail sketch of the urban student population underscores the need for a new federal initiative. The twenty largest cities in our nation educate almost 11% of our national elementary and secondary student population. When the factor of district size in relation to student population is considered, 184 school districts in the country have student enrollments of 25,000 or more, and that the combined total of their efforts includes almost thirty percent of the total national student population. Moreover, the student clientele in our city schools is changing. Since 1968, minority enrollment in 27 key urban school districts has grown from 46% of the total enrollment of the student population to 67% in 1974--a 21% increase in six years. During the same period, the percentage of poor children attending these 27 city school systems has jumped enormously--from 12 to 33% of the total student population.

My own state, New Jersey, is the most highly urbanized state in the Union. Of course, the names of Newark, Camden, Atlantic City and Jersey City are familiar to a national citizenry. But perhaps most revealing is the fact that New Jersey has 28 school districts which are highly urbanized; in short, New Jersey is a state of small cities. Fully one third of our state's elementary and secondary student population is educated in cities. One third of New Jersey's urban school population is comprised of children with minority backgrounds.

Thus, speaking for my own state, and for the country at large, a significant number of our children are being educated in the cities. Yet, I think that all would agree that it is in the cities that where we observe the most widespread and difficult problems in student achievement, where the indicators of hopelessness and alienation are the gravest, and where the personnel of the school systems are most demoralized.

I would argue this morning that the problems of urban education are of two kinds. First, they are systemic: that is, the problems of city school systems reflect the entire malaise that afflicts our urban centers. Second, they are programmatic: that is, city school systems suffer from specific educational and organizational deficiencies that require special attention. In the next few minutes, I would like to describe these two sets of problems and offer some policy alternatives which might be included in the re-authorization of ESEA.

The principal systemic problem of city schools is finance. Put simply, city schools do not have sufficient resources to do the job. Two cases will illustrate the nature of the problem. First, most urban centers are suffering from severe municipal overburden. The New Jersey Department of Education recently completed a study which shows that our state's 28 urban centers must exert five times as much tax effort as their rural and suburban counterparts in order to meet a "minimum bundle" of essential governmental services. Newark, for example, needs a the confiscatory level, but their tax bases are either shrinking or failing to keep up with the rate of municipal and school budget increases. An excellent recent study of Philadelphia by the Federal Reserve Bank of Philadelphia provides ample documentation of this trend. Between 1973 and 1976, the cost of municipal services in Philadelphia rose by approximately 25%, and the cost of school services rose by approximately 23%. During the same period, the taxable wages and earnings available to Philadelphia (Philadelphia has a wage tax) rose by only 12 1/2%, and the assessed value of real property only increased by 9%. Hence, the gap between expenditures and revenues has widened. While the Federal Reserve study suggests alternatives are available to disaster, it points out that, and I quote: "The underlying deficit pressures--sluggish local revenue sources, rising costs, and a high density of low-income residents--(will) remain."

The result, according to a recent report by the National Conference of State Legislatures, is that our cities face "fiscal chaos." The combination of stagnating tax bases and increased costs due to the influx of economically disadvantaged students who require more expensive remedial programs is taking its toll. In the past year, the school systems of Newark, Philadelphia, Chicago, Washington, Toledo, Miami and New Orleans have undergone serious disruptions or reductions in basic services to children. Most observers agree that there is little reason to suppose that the plight of our great city school systems will do anything--except worsen.

There is a final finance problem which is by nature systemic. For a variety of reasons, our federal, state and local system of support for elementary and secondary education often makes it harder, rather than easier, to concentrate resources on solving the problems of city schools.

On the federal level, the formula allocations of Title I funds, which during Fiscal Year 1977 provided 42% of the total ESEA outlay for elementary and secondary education, have actually led to a decrease in monies available to many urban school systems. As a consequence of changes made in the Title I formula in 1974, Newark between Fiscal Years 1974 and 1976 has absorbed a 13% decrease in funds, while Camden has experienced a 31% reduction. Buffalo's allocation for the same period declined by 24%, Gary's by 20%, and Cleveland's by 31%. Moreover, federal regulations designed to prevent the use of federal funds to supplant local effort, now act to prevent local jurisdictions from combining state and federal compensatory education monies in a more effective attack on the educational problems of our city schools.

Second, state efforts to equalize the burden of paying for elementary and secondary education do not necessarily lead to increased funding for city school districts. Owing to the peculiarities of school finance statutes traditionally based upon ratable wealth, and due in some measure to the fact that suburban and rural-dominated state legislatures often represent the views of suburban and rural--rather than urban-dwellers, state school finance reform often achieves less than full equalization. While in my own state of New Jersey, the combination of increased state aid, the shift to a state income tax, and the introduction of property tax rebates has provided substantial relief to our 28 urban aid school districts it is clear that even these reforms have not yet provided the amount of relief for our urban districts that those of us who believe in full equalization would have hoped. To increase aid to cities, it was necessary to increase markedly the total state aid to local districts so that suburban districts would not suffer greatly by a reduction of their state and its redistribution to urban school districts. Thus, it is difficult to envision circumstances wherein states will continue to move toward full equalization without a concerted federal effort in legislation like E.S.E.A. to provide attractive fiscal incentives for further state legislative action.

Thus, urban schools systems face some fearsome fiscal problems which appear to warrant national attention. Some of the solutions now being bandied about seem to have limited potential. Direct federal aid to cities, even if it were advisable, would be costly. A recent estimate by the Congressional Research Service indicates that a program providing the fifty largest cities in the country with an annual subsidy of $100 per pupil would cost the federal treasury some $625 million. In nearly all of the cities, the report concludes, such a subsidy would permit no more than a 7% increase in local school expenditures. For some cities the increase would be less than 4%.

Instead, I would suggest three mutually complementary approaches to ameliorating the problems cited above. First, I would suggest that the Title I appropriation be increased substantially, and that the increase above the Fiscal Year 1978 level be made available to the states for disbursement to school districts with high concentrations of economically disadvantaged children. States would be required to submit a plan to the Commissioner of Education stating precisely and with rigor how these monies will be spent. Such a strategy would allow state agencies to marshal the variety of fiscal resources at hand, e.g., state compensatory, bilingual, and school construction funds, in a concerted attack on particular urban problems.

Second, minor adjustments could be made to the present Title I formula which would have a major impact on the availability of funds for city school districts. I would recommend the following:

1. updated AFDC data be used in the state and county allocation formula;

2. a shift be made from the use of district-wide to the county-wide percentage of economically disadvantaged students in determining school unit eligibility;

3. extra weight should be given in county and sub-county allocation formulas to account for heavier concentrations of poor children in local school districts.

These modifications, while modest, would reap important fiscal benefits for our nation's city school urban school districts.

Third, I would suggest that a variety of efforts be undertaken to strengthen the federal, state, and local efforts to provide a far more equitable financial footing for urban school districts. Federal legislation like ESEA has served in the past to stimulate reform of state and local practices. New legislation should take greater advantage of the opportunity to provide incentives for state and local reform efforts, particularly as it pertains to school finance. Clearly, present barriers in both Title I law and regulation which prohibit the commingling of state and federal compensatory education funds at the local level should be eliminated. In their place, states should provide the U.S. Commissioner with assurances that neither state nor local efforts are being supplanted by the additional compensatory education funds., States should also agree to maintain monitoring procedures which ensure that comparability of services is maintained. New legislation should experiment with new methods of rewarding states targeting funds especially to urban school districts, perhaps by providing a federal match for additional state funds allocated.

I would like to turn now to those urban school problem areas which are more programmatic in nature. The first concerns the level of management expertise in urban school districts. Improving the educational effectiveness of city schools, as suggested above, involves the provision of new resources. But resources alone will not do the job. Efficient management of available resources is also critical to success and it is a component clearly lacking in city school districts. Urban education in a city like Newark is a one hundred million dollar a year proposition. The top local administrative team and district middle managers can sorely use the sophisticated skills of modern management. A federal commitment to providing categorical aid through state education agencies for the improvement of management training among urban educators could significantly redress the perceived need for more efficient and effective public stewardship of our city school districts.

Second, the Congress, having signalled an important shift in educational governance by mandating parental involvement in school affairs, should seize this opportunity to extend its support by providing funds for the establishment of parent centers in urban districts throughout the nation. Such centers could provide parents with skills to help their children learn. Moreover, and perhaps most importantly, further encouragement of parent participation in the learning process would increase the sense of community ownership which is absolutely essential to improving the effectiveness of public education in the cities.

Third, the Congress should increase its commitment to the concept of community schools. Though appended as Section 405 of 93-380 in 1974, the Community Schools Act has never received the level of funding necessary to test its potential for improving education in urban environments. Once again, the rationale for more support for community education is the same as that offered for parent centers: such activities increase the sense of ownership that parents and citizens-at-large feel toward the fate of their schools. A re-invigorated partnership between schools and the community must be fostered if either new resources or better curricula stand a chance of improving the education of children in the cities.

Finally, it behooves those of us vitally concerned with public education as an institution to invent ways in which federal efforts to improve educational opportunities in the cities can be profitably linked with other massive federal efforts to improve job opportunities for unemployed youth. As the members of this committee are well aware, the jobless rate among youth, particularly minority youth, in cities like Newark, Camden and Jersey City hovers between 30 and 40% of the teenage population. It is clear to me that good secondary and vocational education programs are rendered virtually useless when the belief that good schooling can lead to a good job does not exist. Attention in the re-authorization of ESEA should be paid to the development of critical links between the various agencies including education public education which deliver services to urban clients. The partnerships formed will enable those of us at the state and local levels to make better use of federal funds and to forge more effective programs for young adults, both in and out of school.

In sum, Mr. Chairman, I heartily endorse the re-authorization of the Elementary and Secondary Education Act. I hope that serious consideration can be given to developing a multi-faceted commitment within the new legislation to the problems--as well as the prospects--of urban education. It is time we made the education of our children in city schools a top national priority. Thank you.

PERSPECTIVE ON URBAN EDUCATION
PERCEIVED NEEDS AND POLICY DIRECTIONS

Prepared by
New Jersey State Department of Education
as a
Supplement to the Statement
by
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Commissioner of Education

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I. Introduction

This paper seeks to provide some coherence to the general problems of urban education in the state of the "corridor" -- known to urbanists as "Megalopolis." There are problems in formulating a regional approach to mutual needs in the urban schools of our region. Much of our attention is focused on the management of diverse federal programs. At the same time it has been easy for state agencies to be distracted from developing or implementing an urban thrust. The routine concerns of the 600 school districts in New Jersey become a "bureaucratic curtain" which limits our ability to address the needs of the 28 urban aid cities of the state. Through inter-state relations among our urban districts, however, we might be able to build an ongoing developmental thrust through which resources can be combined and successes shared.

This paper opens with some general principles for a new national urban policy rooted in state urban policies. The next section lays out some of the demographic and fiscal realities confronting the large city school systems. A general perspective on national urban educational policy follows. Section 5 organizes proposals for changing policy into 6 areas. The last section suggests some directions for joint inter-state projects.

II. General Assumptions for a New Urban Policy

It is possible to state several assumptions which must be reviewed as the possible basis for thinking about new urban policy at both the federal and state level.

First, although we can expect additional federal funding for urban programs, it is unlikely that there will be any clear national urban strategy. More funds are needed to deal with the complex set of economic and social needs in our cities. But the goal structure of most federal legislation having to do with urban issues tends to be poorly expressed or watered down with respect to any urban commitment. Efforts to enact a national growth policy came to nothing in the early 1970's. A new social vision is needed to guide a new economic and growth policy which adequately incorporates a strategy for urban redevelopment. It is unclear what political forces are strong enough to address this problem.

Second, it is appropriate that each state should establish its own unique urban policy. There are several reasons for this. For one thing it is the state that ultimately is responsible for defining what constitutes a city. In New Jersey, for instance, five criteria are used to define 28 urban aid cities. These range in size from Newark with a population of 378,000 to Asbury Park with a population of 17,000.

Furthermore, the nature of the urbanized condition varies widely from state to state. This is shown in Table 1. Depending upon what definition is used, various sets of states represent the twenty most urban states.

TABLE 1

THE TWENTY "MOST URBAN" STATES: 3 INDICATORS

Density Per Square Mile		Percent Urban By Census Definitions*		Percent Population (Cities over 25,000)	
New Jersey	953	California	90.9	California	63
Rhode Island	905	New Jersey	88.9	Arizona	62
Massachusetts	727	Rhode Island	87.0	New York	57
Connecticut	624	New York	85.6	Rhode Island	57
Maryland	397	Massachusetts	84.6	Texas	56
New York	381	Illinois	83.0	Colorado	55
Delaware	277	Hawaii	83.0	Illinois	54
Pennsylvania	262	Nevada	80.9	Hawaii	53
Ohio	260	Utah	80.9	Massachusetts	50
Illinois	199	Florida	80.5	Michigan	49
Michigan	156	Texas	79.8	Nevada	48
Indiana	144	Arizona	79.5	Ohio	47
California	128	Colorado	78.7	Oklahoma	47
Florida	126	Connecticut	77.3	Wisconsin	42
Hawaii	120	Maryland	76.6	Connecticut	41
Virginia	117	Ohio	75.3	Minnesota	46
North Carolina	104	Michigan	73.9	Indiana	43
Tennessee	95	Washington	72.6	New Mexico	40
South Carolina	86	Delaware	72.1	Florida	39
New Hampshire	82	Pennsylvania	71.5	Missouri	39

*Places over 2,500 population

The anomalies are interesting. Of the top 20 states in density, the range is from almost 1000 people per square mile in New Jersey (with a density of 44,081 per square mile in Union City) to less than 82 per square mile in New Hampshire (with a density of 2,734 in Manchester). Using percentage urban (population living in places of over 2,500) 6 other states join the list including Texas and Nevada. Using the third criterion, the percentage living in cities over 25,000 population, 5 other states including Wisconsin and Oklahoma appear and 7 of the original list drop out.

The problem of trying to establish a rather homogeneous approach to the urban problem syndrome consisting of at least 20 states is related to the second problem which is that the 20 "least urban" states control 40% of the votes in the U. S. Senate. This problem can be exaggerated, but the realities of the federalized distribution of power within the U. S. Senate mean that 20 states acting in unison can essentially block any policy of resource allocation which does not consider their interests. In 1970, for instance, out of $24 billion in federal aid to state and local governments, about $5.8 billion (26%) went to the 20 states with the least amount of population in cities over 25,000, while the 20 states with the most population in cities over 25,000 (from California to Missouri) received $13.4 billion or not quite 60% of total federal aids. These 20 states contain about 60% of the population in the country. The 20 least urban (with only about 20% of the national population) received about a five percent federal aid premium for being underpopulated.

With data such as this, it should be clear that it is the state government which must be involved in making sense of how federal programs and funds can affect its population centers of the highest socio-economic needs. Already, in some states federal aid makes up over 20 percent of the total state budget. Increasingly, both the state executive and state legislature will be seeking to establish controls over the disposition of these funds. This brings us to our third assumption.

Our third assumption is that the federal government should seek a new role whereby it sets both broad policy priorities and performance criteria for funds and programs affecting the areas and the people with the highest socio-economic needs (including rural). The federal government, with the ultimate responsibility for guaranteeing equal opportunity, must provide incentives for other layers of government to address those concerns.

Fourth, inter-agency cooperation and coordination is not only desirable, it is necessary for reasons of fiscal efficiency. It is unlikely that any federal program will be adequately funded to fully meet all the possible needs. The fragmentation of services between agencies and professions is costly from the standpoint of both the delivery system and the client. Combining services at the same site or within a cooperative outreach system can increase program effectiveness, and can be used to increase paraprofessional employment as well. Services to families and to youth are especially in need of collaborative planning.

Fifth, besides developing some kind of inter-agency urban policy, the states must invent new systems of technical assistance to municipal governments. Although our interest is primarily focused on the prospects for inter-agency and inter-urban youth policy, there is a general concern with the provision of technical assistance to urban governments. Municipal management must become much more productive in meeting its diverse and complex needs. New centers and a new system of management support services need to be invented. These centers should focus on the adaptation of new technologies and innovative programs for both the private and public sectors.

Our sixth assumption is that the neighborhood should be viewed as the ultimate unit of municipal administration. It is the neighborhood which determines the quality of life of the individual and the family. The role and quality of a community school is the bottom line of neighborhood redevelopment. Each urban public official needs a thread of accountability to what happens in the neighborhoods.

It must also be clear that we have a different view of the future of the city and the prospects for urban redevelopment. The traditional approach to urban renewal emphasized the CBD (Central Business District) and increases in downtown property values and the fiscal "yield" from the property tax. Urban policy generally has meant housing policy. The increase in the number of "units" has been a primary objective. Many older central cities, especially in the northeast and midwest, are now recognized as just "another place to live" in a complex regional or metropolitan economic system. It is now timely if not overdue for a shift in our urban policy objectives. These should include:

-increases in employment opportunities and mobility throughout the regional economic sphere for inner city residents;

-emphasis on the city as a place to live with the development of new policy indicators, social and economic, to guide new forms of revitalization;

-deliberate conversion of urban facilities, land and institutions to new uses appropriate to new client needs.

Traditionally the delivery of human services in cities--health, education and social, have been fragmented, isolated, highly professional, and not too flexible about adjusting to new demands and populations. These services have often been "treatment oriented," using an urban deficit model rather than a human development model. The energy crisis and other resource scarcities imply that we should not throw our cities away. Cities, with appropriate higher densities, can be energy and resource efficient. Furthermore, it is also clear that any new preference for urban living requires a better quality of community life. It may also be that people's perception of the quality of that community is higher when they feel that they have some command of the services which they receive and that tangible increments of progress can stem from their efforts.

Therefore, we have three conclusions:

- The social reconstruction of cities must be emphasized as well as longing for their economic revitalization and a return to industrial glory.
- There is a need to redefine productivity, performance and efficiencies in the provision of all urban human services. That redefinition must include community preferences and a redefinition of urban development.
- Given the deficits between urban needs and the fiscal support for the desired and required services, more attention must be given to combining services through better planning, coordination of delivery and sensitive cost-effective evaluations. The provision of these services must draw upon local human resources as well. Furthermore, federal programs should not be used to further segment delivery of services through the development of categorical mini-empires.

III. Fiscal Realities

It is difficult but necessary to avoid taking an "urban deficit"* attitude to the problems of urban America. Many urban institutions, and this is especially true of many urban schools, are coping extremely well with their day to day crises but with insufficient resources to address broader developmental needs.

Data on New Jersey municipalities and school districts provide a good indicator of the relative fiscal position of urban and non-urban communities. In general, urban communities have much lower capacity to support municipal and educational expenditures. In terms of per capita equalized property value, the urban communities in New Jersey have less than 40 percent the capacity of the non-urban communities. In terms of per capita personal income, cities fare a little better but still have only 70 percent the capacity of non-urban communities. (See lines a. and b. in the accompanying table).

At the same time, urban communities find themselves spending more than their non-urban counterparts to support municipal and educational services. Per capita total local government expenditures in 1974 came to $532 in urban communities and $488 in non-urban communities.

Because of their lower tax bases, and despite state and Federal grants-in-aid to municipal government and to local school districts, urban communities must exert much greater effort (than non-urban communities) to fund their municipal and educational expenditures. In 1974 the total equalized property tax rate in New Jersey's urban communities was 5.18 percent compared to only 2.65 percent in the state's non-urban communities.

In some respects, however, these various comparisons do not provide an adequate measure of the relative fiscal position of urban and non-urban communities in New Jersey, or for that matter, in other states. The above examination of fiscal capacity, expenditures and effort, does not consider two important additional factors. First, different communities face differences

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*Andrew Reschovsky and James Knickman, "Municipal Overburden in New Jersey: An Assessment" New Jersey Urban Education Research Reports, No. 2, Trenton, New Jersey: Urban Education Observatory, 1976.

TABLE II

Some Indicators of Relative Fiscal Position for New Jersey's Urban Aid and Non Urban Aid Communities

		Urban-Aid Cities	Non-Urban Aid Communities
a.	Personal Income, Per Capita, 1972	$ 3,655	$ 5,165
b.	Equalized Property Value, Per Capita, 1974	6,309	16,260
c.	Municipal Expenditures, Per Capita, 1974	307	215
d.	Education Expenditures, Per Capita, 1974	225	273
e.	Total Local Government Expenditures, Per Capita, 1974 (c & d)	532	488
f.	Total Equalized Property Tax Rate, 1974	5.18%	2,65%
g.	Cost of "Minimum Bundles," Per Capita	295	135
h.	Equalized Property Tax Rate Needed to Purchase Mimimum Bundles	3.9%	0.8%

in relative needs for municipal and educational services. Second, differences in the cost of providing municipal or educational services across communities influence how much these communities get for the dollar they spend.

In the first area, it is almost self-evident that the need for municipal services may vary across communities. Variations in the demographic or economic composition of the population as well as differences in the community's age, density and physical condition lead to varying needs for specific municipal services. To the extent that needs across communities vary, two communities may have identical expenditures, but one community may find that it is barely supplying required or necessary services while the other community may be able to provide not only the necessary services but also additional or even "luxury" services.

In the second area, costs also may vary substantially across communities. Differences in wages, the costs of borrowing, and in some instances the amount of effort necessary to provide a given level of service (for example more elaborate and expensive equipment is necessary to provide a given level of fire protection in a densely settled, high-rise community compared to a less densely settled one)contribute to overall cost variations.

Thus, an accurate look at the relative fiscal condition of urban and non-urban communities should consider communities' needs for services, and their costs of providing services as well as fiscal capacity, expenditure and effort.

The concept of "municipal everburden" attempts to get at these factors necessary for an accurate assessment of relative fiscal position. Conceptually, "municipal overburden" is a relatively simple idea. It is the extra effort that one community must make to raise revenues sufficiently to pay for necessary services over and above the effort that some other community must exert. The degree of overburden that a community faces is a function of differences in the minimum bundle of necessary services, differences in the cost of services and differences in fiscal capacity.

Although the concept of municipal overburden has great intuitive appeal, unfortunately there are substantial difficulties in measuring the concept empirically. Neither cost data nor data on service needs is widely collected. Moreover, there is a substantial normative component in determining "need." Still, because the concept is such as important one, the New Jersey Urban Education Observatory engaged two consutlants---Dr. Andrew Reschovsky of Rutgers University and Dr. James Knickman of New York University---to make a preliminary estimate of the overburden in New Jersey urban communities. Their results, based on a relatively complex statistical procedure using regression analysis, point to a high degree of overburden in urban communities. They find that the per capita cost of the "minimum bundle" of necessary services in urban communities is approximately $295 while in non-urban communities it is only $135. The local effort necessary to pay for these minimum bundles also differs significantly. Urban communities would have to have an average equalized property tax rate of 3.9% to purchase their munimum bundles while non-urban communities would only need to tax at a rate of 0.8%*

It is important to note that the extreme burden of overburden costs are in areas such as public safety, sanitation, health and welfare. For instance, the per capita expenditure for police services is $46.00 in our urban communities and only $31.00 in non-urban communities. The difference for urban fire protection is between $35.00 per capita and $14.00. The per capita health expenditures are 400% higher in our urban communities than in our non-urban communities. The educational costs between the two types of communities are almost equal. This probably indicates that we are not compensating our urban schools adequately for the real problems of deliverying services in those areas.

IV. A Perspective on National Urban Educational Policy

With this new administration it is both appropriate and timely to assess the educational needs of urban America. The several urban states in the northeast need to articulate a common strategy in order to develop a uniform national policy in support of urban educational development.

Conflict: The Future of City and Suburban Relations

Several issues are easily apparent. The goals of federal legislation related to urban issues tend to be poorly expressed and weak on the question of an urban priority. Too often the content of urban legislation is based on the politics involved in legislative passage. Increasingly, urban legislation may have a windfall dimension for smaller cities and the suburbs. This trend will increase after the 1980 census reallocates congressional representation to the benefit of the suburbs and the western and southern states.

Because of this eventuality, there is considerable evidence of a potential conflict between the legislators of large urban cities and the voting block of suburban legislators. Also, represented in this conflict with the cities are the growth-cities of the West and the South. All will be competing for an ample share of the same federal dollar.

Failure of the Allocation Formulas

Attempts to rewrite allocation formulas to benefit the large cities have some value but may be dysfunctional. But the new formula may benefit some cities at the expense of others. The formula for community development block grants provides for pre-1940 housing. This factor may benefit some northern cities, but under previous legislation for urban renewal, many of the older tenements of some central cities have been destroyed. This legislation, therefore, may have a much greater impact on the first ring of suburban growth outside center cities which are the older suburbs.

Since there is no good uniform measure of urban needs across different cities in different states, there is a growing feeling that we may need to redesign, or re-establish categorical programs directed to our largest cities. Urban planners are beginning to regard our larger cities as national cities with special national and international significance. One way to bring this about is the development of a national urban leadership program to increase the effectiveness of big city schools. Many educators have felt that the effectiveness with which funds are used is more important than the actual amount of federal dollars going to cities.

Development of Metro-Government Planning

Federal legislation could provide for more state participation in the allocation of funds based on performance standards which are planned and managed by statewide planning and evaluation teams. While this move could significantly reduce federal paperwork, the states must develop manageable criteria involving inter-government planning and evaluation. Metro-government is a trend toward larger units of government on a metropolitan - wide basis to broaden the urban tax base and improve delivery of public services. There are indications that this form of local governance may diminish the influence of local urban leaders. Within the enlarged governmental units the urban population percentage will decrease considerably. In Northern metropolitan areas progress has been slow. Quasi-metro-governments involving regional and multi-jurisdictional planning commissions will most likely develop out of a growing necessity.

The threat of annexation and city-county consolidation of the suburbs will force urban leaders to bargain for gradual incremental changes and trade-offs. What we now know as urban inner-city could be subsumed in a metro-government matrix of regional controls. The social, political and economic centrifugal pull away from large urban centers certainly has the political and economic clout to eventually shatter dense concentrations of urban population. Essentially, what cities are experiencing now is closely related to the relentless trend of white and black middle class flight to the suburbs caused by the riots of the late 60's which charred the insides of the key urban centers across the nation. In sum, when whites move out of the central city, they do not forfeit power to the urban system they leave behind. Therefore, as the power moves from central city out to city parameters, and beyond, the urban centers start to strain at the edges and disintegrate from the geometrical pull of centrifugal forces created by high inflation, prolonged mass unemployment at a time of high production and wide spread prosperity. The result, in the urban centers especially, is a grating contrast between the rich and the poor.

It is quite likely that in the imbroglio of urban v. suburban politics, the trend toward metro-government, in one form or another, will grow in those metropolitan areas where the proportion of black people in the inner city is growing rapidly, and especially where it is approaching 40 to 50 percent. If we look at the total birthrate for the nation during the period 1960-72, it is primarily the white population that is declining especially in urban centers. At the time of the most recent account, the birthrate among the black population for the nation was 51 percent higher than among whites. So, the urban piture is not likely to change soon. But, demographically, the new shrunken cities could turn out to be a hollow prize. The options of the urban administrator are likely to be so severely limited that they will have to make a choice between advocating community control from a weak financial base, or accepting programs operated by distant federal control. Urban leadership will also have to decide between encouraging more jobs in the urban community, and dispersal of the urban-block-vote into the expanding suburban employment markets.

Inter-relationship Between Economic, Urban and Human Development

There needs to be a concern that both short-range and long-range plans for urban redevelopment and economic renewal also consider the problems of human resource development within the central cities. Urban redevelopment efforts, regardless of their funding source, should not neglect the important role of community schools and the linking of social service activities with neighborhood schools. Indeed, with the Community Development Act now refunded, it is appropriate to reconsider strategies of the model neighborhood and model schools. It could bring together the appropriate services for different age populations which could reduce the isolation of age segregation. It is timely that the Commerce Department's economic development efforts finally realize that the financial needs of urban cities can best be served by encouraging collaborative planning between institutions of varying social, economic, and educational development. Far too often the state and local agencies which promote economic development neglect the need to consider educational planning.

Federal Support of Creative Approaches to Racial Integration in Metropolitan Areas

The statement by HEW Secretary Califano that it was his belief that "society places too much of the desegregation burden on local educational systems" is a factor to be considered in metro-government educational planning. More emphasis must be placed on regional and metropolitan racial integration linking programs in fair housing, job training and mobility with urban curriculums. Schools may not be bearing an excessive burden but other institutions seem to carry little or none of their share.

Organization and Management R&D for Local Urban School Systems

In the last decade, the large urban school systems have been affected by a shifting demographic profile as well as other apects of social and economic decline. The pupils in city school districts have changed rapidly and continue to do so. At the same time the teachers and administrators in large city school systems have experienced a similar turnover. In most cases, a younger, more dynamic and dedicated group of teachers and principals have emerged. There is a need to develop successful programs of in-service training for urban teachers and administrators so that they may inherit the management of large city school systems and the job of educational renewal. The challenge is how to change inherited structures to make them more responsive to present and future needs. At the same time, data processing systems need to be designed to meet the new demands for accountability and improvement in student achievement. Categorical Federal funds should be made available to state education agencies for technical assistance to urban districts. Often the technical assistance systems of state government are prevented by Federal and State regulations from intervening with the problems of urban districts. State agencies need to create new ways to study the problem of educational decision making at the local district level. Furthermore, developmental support should be made available to state education agencies to design and develop new ways of providing continuous technical assistance to urban districts which is both relevant and timely.

Curriculum R&D

In general, much of the national R&D effort of the last decade has concentrated on curriculum problems which affect the majority of schools. But few, if any, of these programs have been developed to address problems of urban schools. Moreover, the national R and D community has not considered urban problems as a top priority. Research on different learning styles which emerged out of our experience with multi-culturalism needs to be carefully considered as part of an urban R&D assessment process.

Specific investigation of learning readiness in the urban setting tends to be based on the notion that urban schools should include the following characteristics: (1) a non-punitive atmosphere, (2) pupil-to-pupil tutoring, (3) pupil self-evaluation, (4) a range of curriculum choices, (5) a relevant-to-life curriculum, (6) criterion-referenced testing, and (7) an emphasis on creativity. There is a general need for more research in this area. Many urban educators have said that younger white teachers tend to support a more open instructional approach, while black teachers and older white teachers are more likely to stress the need for structure.

Urban education structures should permit pupils more self-determination, enabling them to start at the level of the curriculum which is appropriate for them. In short, urban pupils must have more options and alternatives. Parkway (in Philadelphia), Metro (in Chicago and Saint Louis) and City-as-School (in New York) are examples of the move toward non-traditional approaches.

Urban School Utilization of R&D Products

The new dissemination thrust of the Office of Education and the NIE Dissemination Resource Group have learned from their consultation with local school administrators. It is time USOE and other Federal agencies such as NIE regional labs work more closely with urban administrators to identify specific urban concerns. Furthermore, the legislative mandate which requires NIE to set aside 25% of its budget for regional labs and centers should also require the NIE network of regional labs to demonstrate adequate concern for urban education.

Formal and Informal Networks in Support of Urban Innovation

There is a need for all the institutions related to the development of urban areas to find new ways to communicate in formal and informal settings. Innovative urban administrators and advocates of urban improvement need to be involved in the development of action agendas for supportive programs from both the private and public sectors. The key elements in the emerging network should represent local, State and Federal governments, as well as private and public agencies such as foundations, churches and economic interest groups who advocate national urban revitalization. All the groups need to focus on the improvement of educational quality in city schools.

V. Changing Policy

There are at least six approaches to changing policies affecting urban education:

1. Changes in federal legislation and program to require inter-agency cooperation with regard to urban youth.
2. Administrative reallocations of federal funds and efforts to support urban education.
3. Radical solutions to radical needs through state interventions.
4. Increased funding and administrative changes in Title I.
5. Dramatic increases in funding for community schools and community education including funding of parent centers.
6. Substantial funding for in-service needs of the urban education through urban leadership grants.

The first three approaches do not necessarily deal with ESEA so they will be treated first.

A. NOT RELATED DIRECTLY TO ESEA

1. Requirements for inter-agency cooperation.

The youth employment amendments to CETA require in-school programs but omits any role for the state education agency. It is that kind of flagrant disregard of the state role which needs to be changed. All federal legislation affecting the social and economic development of cities should be linked to a mandated inter-agency urban youth plan at the state level. Such a plan should address performance criteria and provide for uniform evaluation standards.

Furthermore, at the level of the municipality or county inter-agency planning provisions should be required. For instance, the CETA requirement for a Younth Council should be linked to the Title I Parents Advisory Council and to community school efforts.

2. Federal Program Administration

In some areas the existing regulations of federal programs provide substantial leeway to emphasize an urban priority. This is especially true for NIE. A number of new directions could be set through new program policies. For instance, in the area of R&D dissemination and utilization, the following could be proposed.

First, a separate funding category be designated for large city dissemination efforts (intercity and intracity) to constitute a targeted dollar commitment across all NIE divisions.

Such funding would be for:

1. Greatly improved R&D dissemination knowledge concerning large cities.
2. Development of improved (through dollar incentives) SEA/large city dissemination relationships.
3. Improved knowledge base as specifically pertains to large city school improvement products, development and problems.
4. Concern for greater R&D utilization within all segments of the complex large city educational structure.
5. Initiate a large city dissemination capacity building program (to work in conjunction with on-going SEA dissemination planning and development).

Second, support for a task force to examine the problems of large city dissemination. Such a task force would be broadly professional based (school economics, educational organizational structure, disseminators) and have sufficient funding to call in consultants as viewed necessary. (Note: We know far more about good dissemination within rural and suburban areas than within complex large city school systems).

Third, the development of an urban focused regional education laboratory to serve the cities in the northeast corridor. Such a laboratory would have an explicit urban mission in the areas of management, learning styles, social and health needs, etc.

3. Radical Solutions to Radical Problems Through State Intervention.

Like it or not, each state education agency which has had to come to grips with the realities of some large city school system has to develop the capability for intensive interventions. In New Jersey the state at one point had to take over the fiscal system of the Newark school system. We now maintain an auditor-general in Newark. We have intervened less dramatically with respect to the educational program but plans have been proposed for a "Big Mac" type of takeover. The Municipal Assistance Corporation in New York City could be reinvented as a Quality Control System for urban schools. Such efforts may be needed.

However, such dramatic interventions are only a temporary crisis intervention. Other efforts such as an Urban Youth Development Corporation may be needed for the long-term restructuring of the social, economic, and educational needs of urban youth.

Other radical interventions may also be required. Dr. Alfred Bloch, a Los Angeles psychiatrist, after researching the existence of "combat neurosis," in violence-laden urban schools, has called for the formation of crisis intervention teams as well as teacher clinics for the "battered" teacher who faces both psychological stress as well as physical assaults. Although these conditions may be viewed as an extreme, they do occur in our city schools. The state agency must address the tendency of these conditions to reappear.

B. ESEA - RELATED CHANGES

1. Title I Changes

The issues surrounding Title I are various and complex. One approach is to organize proposed changes into 4 areas. These include:

- Funding levels and cost issues
- State administration and planning flexibility
- "Unfreezing" the regulations
- Associated changes in other federal programs

Specific proposals might include -

- Full funding and State Matching Funds for Title I

ESEA Title I is currently funded at a level that serves only 50% of the children's need nationally. Some states have funded programs to make up this difference; others have not. It is proposed that funding be increased to 75% of need for these states able to provide for the additional 25% of children needing compensatory services.

- District responsibility for general needs assessment

Presently school districts are responsible for conducting the general needs assessment of all eligible resident students. In some instances this constitutes an unusual financial and manpower burden since many resident students attend non-public facilities both in and outside of the district. Generally districts do not object to assuming reasonable costs for retrieval of needs assessment data.

The concern is that reasonable provisions be made to allow districts to defray extraordinary expenses associated with obtaining sufficient needs assessment information from non-public facilities in cases where significant numbers of students are attending such facilities.

- Costs related to implementation of the ESEA Title I Evaluation and Reporting System

The implementation of this system will create additional manpower training and expenditure needs, both for the state and local districts, which cannot be adequately addressed within current budget parameter without reducing services to students. If additional costs are to be absorbed by existing funds the amount of direct instructional services to children will be reduced in many cases.

The proposed evaluation system holds the promise of a number of benefits which should prompt the allocation of funds to insure its proper implementation. O.E. should estimate the costs of implementation over a two year period and provide those additional funds.

- Accountability for Results

The data requirements for application, reporting, and auditing for ESEA Title I are an enormous paperwork burden. It is proposed that the implementation of the IRS-type system be continued and that data demands on districts showing verified gains be reduced. Demands for plans from those with poor results would be increased This would follow the T and E process in New Jersey.

- Restrictions regarding use of Title I funded staff for general teacher duties

Restricting school districts from using Title I teachers for general teacher duties required of all other teaching staff creates ill-will among teachers and poses significant administrative problems. If Title I teaching staff are hired under full contract then some provision should be made to allow school districts to assign these staff members to general duties such as playground supervision and lunchroom supervision. Such a provision could place limits of these uses but should reflect the "reasonable" use of Title I staff.

- Allocation notification at time of application development

School districts are expected to prepare the Title I application during the spring preceding the program year. Some districts do not know the amount of the allocation they will receive. They are forced to plan a program on a minimum estimate which, historically, has been calculated at 85% of the current allocation. To insure the level and amount of services rendered in one year can be provided in the subsequent year districts have found it necessary to create carry-over balances to ensure that the 85% can be funded at or near 100% of the previous year. This leads to large statewide carry-over balances which, on the surface, makes it appear that the state is not using its Title I monies.

Provision should be made to expedite the notification of allocations to permit districts to plan programs on actual dollars rather than estimated dollars.

- The integration of community education programs with Title I/CETA

Community education is a concept receiving wide attention. The articulation of community education with Title I and CETA is a necessary and somewhat natural marriage of concepts. If the schools are designed to train in skill areas, and there are community members in need of such training, then the extension of the services and programs to the community is a desirable result. In addition, a program designed to train individuals in various life skill areas needs the support and cooperation of the community at large.

- The articulation of Title I funds with CETA/YEDPA funds

The current emphasis on programs that provide remedial services to students with demonstrated academic skill deficiencies should be extended. The emphasis should be expanded to include those remedial programs that stress basic life skills and are integrated with job-specific training. The increasing emphasis on youth employment implies a need for programs which ensure that students possess sufficient basic communication and numeric skills in order to obtain and sustain their own employment. In addition youth need preparation in job seeking and job performance skills. The integration of Title I funds for educational preparation and CETA funds for job-related preparation seems not only worthwhile but necessary.

- A Special Note on Bilingual Education

The present legislative provision for bilingual education as part of the Elementary and Secondary Education Act tends to narrow the perspective of bilingual education as a remedial program. Since bilingual education can, and most certainly has become, an important facet of general education programs, it would seem most desirable to enact a separate section of ESEA which focuses on bilingual education as a general education program which has a remedial component. Such legislation would provide recognition of the needs of bilingual students and should provide for sufficient funding and programming, both general and remedial.

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This federal demonstration project should be reauthorized as a state administered program based on the school aged, limited English proficient population in each state. Funds for language assessment programs might have to be provided. State would develop a State Plan for bilingual education which would set out the criteria for intrastate allocations.

- A Special Note on Emergency School Assistance Provisions

Most of those funds for desegragation are being used for compensatory education for various reasons including the under-funding of Title I eligibles. If Title I is funded at a higher level, ESEA funds could be directed more to intergroup relations programs and to the development of curriculum changes and teacher instate. Furthermore, this program should also be administered within a state by the SEA which would then suballocate the funds following an appropriate State Plan.

7. Dramatic Increases in Community Education Funding

The concept of community education is not new, but the philosophical bases of community education are assuming special significance for clining urban communities, and a redefined approach needs to be regenerated as a possible strategy for addressing urban educational and social problems.

The basic philosophy behind community education is the premise that education is a lifelong process and that learning takes place not only in the classroom but in all life experience, including work, social activities, recreation and in individual family and civic settings. The concept revolves around five beliefs:

A. That school facilities should be used as a center for the delivery of not only educational but also recreational, health, social and cultural programs and services;

B. That services provided by a school district should be based on needs identified in close cooperation with the entire community it serves;

C. That services should be provided in school facilities during all hours of the day and evening, year around and for all ages.

D. That the school should maximize utilization of community resources, human, physical and financial;

E. That educators should consider the entire environment of a child if he/she is to become a fully functioning member of society.

In order to address the complexity of contemporary urban problems, however, the concept of community education must be expanded, recognizing the interrelationships among economic, social and educational factors, to address the fundamental problems of declining educational achievement and employment opportunity, and to confront the range of factors which determine the quality of life in urban areas. The community education approach should not only provide for involvement of community residents in the planning, development and programming of educational services, but should also provide a vehicle for optimizing social and economic resources present in a community through integrated delivery of social services, cooperative relationships among political, business and service segments, and continuity among programs which serve people at various points in their development from childhood to functioning, productive adults.

There is no one model of community education which fits all communities, not even all urban communities. A number of programs have been developed throughout the country, and the evaluation of many of them indicates that community education has had positive effects on student attitudes, violence and vandalism. See Appendix I)

New Jersey has implemented several community education programs. Two school districts, Atlantic City and Elizabeth, have community education centers providing a range of educational, health, recreational, social and community services. A number of others have programs which expand the use of educational facilities to all ages at all times. Some of these have been in existence for as long as ten years. Several districts have cooperatively planned and funded programs with municipal government and social service agencies.

The state's experience with community education has been positive, but a number of new initiatives will potentially expand the concept to dimensions heretofore not considered.

The Governor has asked that a Task Force be established to explore community education as a means of improving fundamental educational services to urban children. The major focus of the Task Force will be a cooperative interagency approach to urban education, social services and community revitalization. Legislation currently pending will provide a $100 million bond issue for school building aid with special consideration to be given for facilities providing social and community services.

Community Schools Act

The Community Schools Act was incorporated as Section 405 in 1974 amendments to the Elementary and Secondary Education Act of 1965 and provides federal financial assistance to state and local educational agencies to develop programs that extend the use of public facilities, especially schools, for community services. Fifty percent of the funds have been earmarked for allocation to SEAs; Fifty percent to LEAs. Although funds under this act do not provide assistance in the construction of facilities, they have provided means for the development, implementation and maintenance of a number of efforts, including several in New Jersey.

Although $17 million has been authorized for FY 77 and $17 million for FY 78, only $3.5 million has been appropriated each year.

Full funding of ESEA section is needed if programs are to be developed to address fundamental urban educational needs. In addition, the following revisions of the act are recommended to maximize flexibility and impact:

1. The definition of community be broadened and focused on a comprehensive approach to all social and community services and facilities;
2. The total appropriation be allocated to state educational agencies, with the requirement that a percentage, perhaps as much as 75 or 80%, be used for the implementation of community education programs in local districts (this provision is supported by the Advisory Council on Adult, Continuing and Community Education);
3. The restriction on use of these funds for facility construction be maintained, but requirements for matching funds be eliminated;
4. Grants be awarded annually but with built-in provisions for continued support up to a total of three to five years.
5. Title I of ESEA provide for a discretionary portion which could be allocated to LEAs by the state as incentive funding to maintain community education services beyond the development period funded under the Community Schools Act. Parent Centers could be funded under this provision.

3. Urban Leadership Grants and other Categorical Approaches.

Given the experience of the 60s with categorical programs and the experience of the 70s with revenue sharing and block grants, it is clear that the complexity of urban problems cannot be addressed through simple approaches to the development of solutions. A balance needs to be struck between centralized programs with a national focus and local capacity for dealing with urban problems.

It can be assumed that local capacity for resolving problems is inadequate in most cities, by sheer virtue of the fact that they are not being resolved. Revenue sharing/block grant funding to local communities does not address that inadequacy except, perhaps, as it related to financial resources. Governance and Management structures are not being modernized.

On the other hand, the development of so-called national models leads to over generalization of urban needs and lacks a necessary sensitivity to the diversity among urban communities according to geographic location, size, age, population and other factors.

One possible alternative is to combine aspects of the two approaches to provide targeted funding on a state basis. Federal grants would be allocated according to categorical program criteria, but allocated by states which have discretion over distribution criteria.

The regional approach provides an added benefit heretofore missing in federal funding strategies: continuity in educational planning and needs assessment. State agencies are able to define more exactly what the special needs of their urban communities are than any federal agency can hope to. On the other end of the scale, local communities must juggle a multiplicity of federal funding sources with separate criteria and may never be able to exact a match between their needs and the resources available to them. Regional offices of the federal government could facilitate removing barriers to inter-agency cooperation.

A funding strategy which revolves around the state as grantee for its municipalities but still specifies criteria for distribution and use of funds like categorical grants, can provide the needed continuity and, at the same time, insure that communities with the greatest need are served.

Planning Support

The ineffectiveness of educational and social service delivery in urban communities is not just a function of inadequate resources. Urban governments and public institutions are also faced with complex management problems with which they are ill equipped to deal.

What is needed to, in effect, protect programmatic investments in urban areas is advance support for inter-agency planning and organization development. Planning grants are needed to stimulate the development of new alternatives with a view toward management and implementation strategies, rather than program design. These should be followed by funds for evaluation, research and management assistance.

Old Title V of ESEA provided for grants to states to strengthen leadership resources. A form of that section needs to be substantially revived and given a more local focus.

It is suggested that funds similar to Title V "strengthening" be awarded to state educational agencies to provide technical assistance and pass-through to local school districts. It is important that maximum flexibility be provided for the distribution of those funds by the state so that assistance can be targeted to communities with the greatest need, as determined by socio-economic criteria and/or assessment measures. The focus of the program would be the local educational agency, not state educational agencies, although through state administration. Funds would be made available to urban LEAs for the following purposes:

1. Planning grants to promote better needs assessment and program design.
2. In-service training and staff development by SEA and within LEAs, especially of principals and administrative staff, to allow urban schools to update administrative procedures and adopt more effective management practices among the new urban leaders of education.
3. Organization of community residents, especially parents, to take on the role of planning educational programs in their schools, especially to increase parent roles in Title I programs.
4. Planning and implementing demonstration projects in two areas:
   a. Improved management and delivery of educational services, especially those integrated with other social services.
   b. Establishment of parent centers which would provide technical assistance to urban parents for various purposes.

VI Future Actions

Besides developing inter-state support for relevant "urban" changes in ESEA specifically and in federal policy generally, we need to consider the value and purpose of developing inter-state, and inter-urban, relations and programs. There are at least four areas of particular interest. These are:

a) Program Development

supporting the exchange and diffusion of successful practices and programs in urban education among urban practitioners.

b) Personnel Development

facilitating exchanges between urban practitioners and developing specialized training and new in-service models for urban teachers and principals with special attention to new management and inter-agency roles.

c) Organization Development

Given the changes in the State/city partnership, there is a need to share and evaluate our intervention experiences, successes and failures.

d) Specialized Development

with the dynamic nature of change in our cities, the administrative and curriculum leadership has learned to cope with crisis management and political manipulation, but in most cases this has left little energy in resources for taking advantage of the opportunities offered by the diversity of the urban population. Specialized development in the areas of bilingual and bicultural, foreign languages, experiential learning, etc. has been neglected.

Some specific actions can be proposed.

First, the State education departments need to reconfirm their interest in inter-state, inter-urban relationships. If that is forthcoming, representatives from each agency should meet to formulate a three to five plan with activities or issues specified in the following areas:

— Policy research
— R & D initiatives
— Inter-urban activities
— Urban related legislation
—Search For Resources
— Management and Evaluation issues

Second, some kind of organized institutional coalition or consortium should be established and vested with the responsibility for implementing aspects of the approved plan. This could be a consortium of existing institutions such as RBS, some of our intermediate units and institutions of higher education. Or a separate coordinating office could be established. Alternatively we could seek NIE support for a regional educatory center which could be developed and located in the metropolitan New York area with field offices in several other cities. Such an urban regional NIE center could involve a number of institutions and different R and D components could be contracted out to appropriate agencies.

Third, a number of specific funding proposals have also been conceived. One would be to seek foundation support for a Metropolitan Institute for Community Education (MICE). Another would be to seek NIE support to work with urban school principals on problems of R and D utilization. Another proposal might seek demonstration funds to establish, implement and evaluate difficult models of "extension agents" to work with urban schools.

In any event, the complexity of the issues raised in this paper indicates that a great deal of additional analysis and planning would be required to fully interpret the underlying needs. A limited number of inter-State efforts should be initiated.

APPENDIX I

FOR DISCUSSION PURPOSES ONLY

Community Education

It's Effects on Various Problems

A Summary

1. Violence/Vandalism/Attendance Levels

Philip Deaver in "Violence and Vandalism in the School: the problem and how to address it" states. . . Community Education programs and processes have been identified as helpful in the effort to curb school violence and vandalism. He continues by discussing Sunnyvale, California project, and quotes the following findings as direct results of Community Education:

- 33% reduction in vandalism while it was rising in neighboring schools.
- 26% reduction in referrals to juvenile probation department compared to 16.3% reduction in the rest of the county.
- a special program for those averaging less than 50% attendance brought their attendance to an average 83%, and the high school adopted that special program on a permanent basis.
- prior to the community school program, suspensions were at an annual 112; in the second year of the program, suspensions were under 50.
- students were involved in initiation, supervision and grievance handling; fights in the school were reduced from 3 per day to 4 per month.
- cost benefit: cost for a director and support, $24,800; benefit, $68,000.

2. Declining Enrollments

Many districts nationally are pursuing Community Education as a solution to this problem, as C.E. offers a conceptual base for a varity of alternative uses of space, ranging from single classrooms to an entire school. In New Jersey, Bridgeton, Wharton, and Montville are just three specific examples. Alternatives such as the following are being employed:

- — pre-school programs in schools;
- — senior citizens nutrition projects and related services in schools;
- — a variety of health and social services in schools;
- — CETA job training programs;
- — parks and recreation activities;
- — and, adult education courses.

The New Jersey Department of Education presently has a list of over 150 different "non-traditional" uses of school facilities typically found in districts adopting Community Education. (Most of these alternatives also have a funding base which helps pay facility related cost).

3. Duplication of Effort

The Bethlehem Area Community Education program was designed in 1973 on the belief that Community Education offered a solution to this problem. The evaluation of the program conducted in its second year of operation concluded:

- — improved coordination between participating agencies;
- — a reduction in the overall cost of delivering services;
- — improved accessibility to services as a result of decentralization to the neighborhood level.

The West Side Complex in Atlantic City, New Jersey is a second example of how Community Education is bringing about coordination and cooperation between agencies and organization in planning, programming, and budgeting.

4. Schools Responsiveness to Community (Isolation)*

Marian Sherman Sterns' and Susan Peterson's studies between 1968 and 1970 identified a correlation between the level of parent participation and the level of institutional change within the community. The Coleman studies, and studies by such noted researchers as James Vanecko, Marilynn Gittell and T. Edward Hollander each show a relationship between citizen participation and the school "responsiveness" to the community. There are many other studies which have conclusions similar to these regarding citizen participation.

5. Academic Achievement and Community Involvement

James Coleman's studies in the late 1960's concluded that factors strongly associated with student achievement were the individual students' family background and socioeconomic class:

> This is the implication that stems from the following results taken together: (1) the great importance of family background for achievement; (2) the fact that the relation of family background to achievement does not diminish over the years of school; (3) the relatively small amount of school-to-school variation that is not accounted for by differences in family background, indicating the small independent effect of variations in school facilities, curriculum, and staff upon achievement. . . .
>
> Taking all of these results together, one implication stands out above all: That schools bring little influence to bear on a child's achievement that is independent of his background and general social context.
>
> In fact, there is little if any research showing "the answer" to improving academic achievement. There is, however, a great deal of research suggesting an association between student achievement and elements of Community Education (i.e.; parent and citizen participation, considering the childs total environment as having educational impact, and creating positive self-concepts).

*IRCD Bulletin, Volumn X, Number 3, 1975.

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IRVING ANKER
CHANCELLOR

December 9, 1977

Honorable Carl D. Perkins
Chairman, Subcommittee on
Elementary, Secondary and
Vocational Education
House of Representatives
Washington, D.C. 20515

Dear Congressman Perkins:

I received your letter inviting me to submit remarks in relation to our recommendations on reauthorization of Federal elementary and secondary education programs. I have enclosed my comments for your Committee's consideration.

I join you in hoping that the Committee will reschedule hearings for sometime in January. Such hearings provide the opportunity for an exchange of viewpoints that both of us know is invaluable. Consequently, I look forward to discussing my recommendations with you.

My best wishes to you personally.

Very truly yours,

Irving Anker
Chancellor

IA:hw
cc: Members of the Board
Ronald Walter, Deputy Chancellor
Harold Siegel, Secretary-Counsel to the Board
Helene M. Lloyd, Assistant Superintendent
Fern Lapidus, Wash.Based Representative

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IRVING ANKER
Chancellor

SUMMARY STATEMENT TO THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION - DECEMBER 1, 1977

Mr. Chairman and Members of the Subcommittee:

I am Irving Anker, Chancellor, Board of Education of the City of New York. I appreciate the opportunity this distinguished committee has given to me to share my comments on several of the Elementary and Secondary Education Programs pending reauthorization at this time.

Because of the problems that beset public and private education in this nation, I believe that legislators, parents, private citizens, and educators must give careful consideration to how Federal funds are used in order that they serve today's children and adults to the maximum. Because I appreciate that your time is limited, I shall discuss only the very important areas of concern to this office in relation to changes needed in Federal legislation.

I. ESEA TITLE I

In commenting on our recommendations concerning this legislation, we strongly recommend that the basic concept of Title I as the important Federal legislation which provides special assistance to supplement the basic educational program for economically-and educationally-deprived children be continued at a higher authorization level.

We urge support for the following changes in ESEA Title I legislation:

1. Correction of Inadequacies in the Allocation of Funds

New York City Schools "lost" over $44 million between 1974-76 in ESEA Title I funds because of formula changes authorized by P.L. 93-380. This major loss of Federal funds occurred at the very time that the national appropriations for the program increased by 10 percent. The formula applied in 1974 resulted in devastating reductions in ESEA Title I funds not only for New York City but also for 18 other major urban centers throughout the nation.

These inequities resulted from the following factors in the so-called new formula of 1974:

1.1. The use of the Orshansky poverty index to determine low-income children, ages 5-17, from poor families

The utilization of the Orshansky cut-off base to determine those children who are eligible for AFDC does not include children, ages 5-17 whose families are above the poverty index as set by the 1970 Census ($3,000) and those that are below the Orshansky cut-off base, which is updated each year for AFDC purposes (approx. $5500).

1.2. The number of eligible children counted from AFDC families was reduced from 100 percent to two-thirds the number eligible.

1.3. The limit of 120 percent ceiling on national average per pupil expenditures and 40 percent of the 120 percent ceiling in determining the payment rate of the formula mitigated against the payment rate to districts in New York State

The State and City average per pupil expenditures are higher than the national average per pupil expenditures for several reasons:

(a) poor children in urban areas are more likely to suffer from various disadvantages requiring increased attention and skills compared with the average pupil; and

(b) the costs of security, transportation, rental of space and related expenses are higher in urban centers.

1.4. The repeal in 1975-76 of Title I Part "C" Special Grants to urban and rural schools with the highest concentrations of low-income children was detrimental to New York and other large cities

Repeal of Part "C" resulted in the loss of $7.5 million received by New York City Board of Education in 1973-74.

We support the following recommendations for change in the allocation of Title I funds in order to restore services now denied to eligible children in many cities throughout the nation:

1.1. Amend Section 103(c)(1)(B) in order to count the number of AFDC eligibles at 100 percent, not as at present at two-thirds of the children, 5-17, from AFDC families in excess of the low-income factor of $3,000.

1.2. Amend Section 103(a)(2) in order to eliminate or to raise the 120 percent limitation on State per pupil expenditures.

1.3. Eliminate the use of the Orshansky formula, which does not take into consideration variations in higher cost of living.

1.4. Give extra weighting to selected county formulas in recognition of the heavier concentrations of target pupils in some local education agencies. Provide for an accompanying increase in Title I funds.

1.5. Allocate ESEA Title I funds directly from USOE to large LEAs meeting specified requirements, as, for example, a set number of AFDC pupils on register in public and nonpublic schools and the LEA's record of accountability for the use of funds.

This direct funding would eliminate the delays that now occur in the initiation of projects as a result of the need for State approval. In addition, the amount of money received for services to eligible children would be increasedas a result of the elimination of the Title I money the State now receives for administration of the program in New York City. In 1976-77, approximately $1.2 million in Title I funds were approved by USOE for the State Education Department's administration of the Title I program in the State. An increase in administrative funds has been requested by the State Education Department for 1978-79.

In addition to the above changes recommended in the current legislation, we also recommend that academic achievement should not be used as the basis for allocating Title I funds nationally for several valid reasons:

First, a reliable instrument for measuring nationwide achievement does not exist.

Second, the number of Title I eligibles would increase because of the inclusion of nonpoor but low-achieving children. (It is very evident that this practice would result in drastic increases in the number of unserved economically-as well as educationally-deprived ESEA Title I eligibles.)

Third, there would be a further reduction in Title I funds away from urban areas where the poor and educationally-deprived children are concentrated to wealthy suburban communities for services to low-achieving pupils who are not poor. (It is our contention that poor children who are educationally deprived have fewer resources in their homes and, therefore, have greater need for the services that ESEA Title I provides.)

II. ESEA TITLE IV, PARTS B AND C

We strongly support the comments made at prior hearings concerning the problems that have been created by the consolidation of many programs under Title IV. Recommendations we have for resolving some of those problems are as follows:

1. Use separate applications for Parts B and C rather than a single application with a single filing date as now in effect. Because Title IV Part B operates as a formula program and Title IV Part C as a competitive program, it is virtually impossible to administer the two programs under a single application.

2. Simplify the maintenance of effort requirements in light of the school accounting practices throughout the nation and the current fiscal situation of many LEAs.

3. Amend the legislation to give the LEA discretion in identifying pupils who will benefit from participation in programs.

4. Provide funds to the LEAs to cover the administration of the program. We recommend that the law be changed to increase the percent of funds to the State for the administration of Part B programs from the inadequate 5 percent to 10 percent and that 5 percent of this money be channeled to school districts on a formula based on public and nonpublic school registrations in order to cover the administrative expenses of LEAs.

5. Provide for flexibility in the filing date for Title IV C Programs in order to allow these programs to begin at various times during the year.

III. IMPACT AID LOW-RENT PUBLIC HOUSING FUNDS

The thirty-two Community School Districts in New York City and our Central Board of Education strongly emphasize the need for a continuation after September 30, 1978 of the monies coming to our school system under the Aid to Impacted Areas Program (P.L. 80-874).

As you are aware, this funding was approved at the time of the revision of the ESEA Title I formula in order to provide monies for those districts that lost sizeable amounts of not only Title I Part "A" money but also Title I Part "C" funds when this latter category of support was eliminated from the legislation. As I stated before, New York City lost over $44 million in ESEA Title I funds from 1974-76. For 1976-77, we received for the first time an entitlement of $14.6 million in Impact Aid Low-Rent Public Housing funds to provide "Title I like" programs for those eligibles who could not be serviced because of the great loss in Title I money. For the current year, the entitlement is $17 million.

Because of the nature of the children in New York City and their great needs, it is imperative that the funding be continued. We ask that consideration be given to the following recommendations:

1. Appropriate $1 billion for FY'79 to permit full funding through Tier III, which includes children living in low-rent federally-assisted housing.

2. Continue funding of all Category "B" children, including low-rent public housing children. ("B" children are those whose parents live and work on federal property.)

3. Revise the current distribution formula in order that the City obtains a greater percentage of our entitlement for low-rent public housing children. Presently, we are guaranteed 25 percent of our entitlement for low-rent public housing children while other categories of children receive 40-100 percent of their entitlements.

4. Expand eligible categories of children to include children of postal workers, illegal aliens, United Nations delegates and diplomatic personnel. It is estimated that there are 1,000 school-age children whose parents are UN and diplomatic personnel.

   It must be kept in mind that special financial burdens not fully understood are placed upon our City by Federally-aided housing (annual loss in tax revenues about $80M) and by other parcels of Federal property for which no taxes are collected (145 parcels assessed at $580M). In addition, taxes lost annually from exemptions granted to Federal and international properties could total $130M. Despite these tax losses, the educational needs of large numbers of disadvantaged children must be met. We, therefore, ask your strong support of the recommendations listed above.

IV. EMERGENCY SCHOOL AID ACT

New York City has received for 1977-78 approximately $13.5 million under the Emergency School Aid Act. It is vitally important that this source of funds be continued because of our desire to aid children in overcoming the educational disadvantages of minority-group isolation and to encourage voluntary elimination, reduction, or prevention of such isolation.

With this in mind, we recommend:

1. Eliminate the need for school districts to refer ESAA applications to the State Education Department for consultation. This process is time consuming and delays the transmittal of materials to USOE.

2. Arrange for school districts to send applications directly to Washington for processing. This direct contact with the Washington USOE office is very important in light of the fact that the U.S. Office for Civil Rights works very closely with USOE in making determinations relating to approval of ESAA applications.

3. Provide some ESAA funds for preplanning for districts preparing to desegregate. Unless Federal money is available to assess needs; to prepare staff, parents, and children for a program; to work with an advisory council; and to handle the many other areas that should be taken into consideration before the ESAA project involving desegregation is initiated, serious questions can be raised as to whether the project can be guaranteed to be a success.

4. Amend Section 705 (a)(1) to require that apportionments among States be based on the minority-group students, ages 5-17 inclusive, enrolled in the public schools of the State.

V. BILINGUAL EDUCATION ACT

The importance of adequate fiscal support through Bilingual Education funds is especially crucial in providing some of the 400,000 (approx.) pupils in our public schools whose native language is not English with the quality of service they need through effective projects funded to some extent by the $14.3 million received for 1977-78 under Title VII.

In order to increase the effectiveness of the ESEA Title VII programs, we recommend:

1. Increase the authorization level and allocate funds up to the maximum authorized.
2. Allocate funds on a formula basis directly to local school districts without state intervention in the funding process.
3. Base the formula for the allocation of monies on the number of children on register with limited English-language proficiency as measured by an approved test and on the average per pupil expenditures of the school district responsible for the education of these children.

VI. ADULT EDUCATION ACT

The need for effective adult education programs has increased across the nation. In those cities such as New York with high unemployment rates among youth and older adults, with an increase in the adult population; and with emphasis on preparation for adjustments in the rapidly changing social, economic, and political environment of today's cities, there is an imperative need for increased funds to support programs for adults.

In line with the above needs, our recommendations are as follows:

1. Increase the authorization level for Adult Education funds and allocate to the maximum of this authorization.
2. Allocate funds directly from the Federal Government to LEAs on the basis of a formula.
3. Operate the Adult Education Act programs under legislation separate from legislation benefiting immigrant aliens.

VII. URBAN EDUCATION ACT

The complex educational needs of children and adults in urban centers and the increased costs of meeting these needs make it imperative that support be forthcoming from the Federal Government under a new Urban Education Act.

The twenty-seven largest cities of the nation enroll about 5 million children or eleven percent of the nation's total elementary and secondary student population. Over the past years the school population in urban cities has undergone marked changes. Urban schools educate one-third of the nation's minority youngsters and twenty-three percent of the nation's poor children. Morever three out of every ten Latino children attend a public urban school.

Accompanying these significant changes in the nature and needs of the school population has been a deterioration of the tax base in most urban centers with its negative impact on the school budget at a time of increased costs to operate all aspects of the educational programs.

For the welfare of the country as a whole, we urge that the education of the large numbers of disadvantaged children in our urban areas be given prime consideration by Congress.Urban school districts no longer have the resources to provide the type of quality education for all children, which is desperately needed. Resources must be available to assure that the children in urban schools get the type of education they require.

With the above urgent needs in mind, we recommend that Congress:

1. Develop legislation for a new pilot Urban Education Act program to meet the current needs of large urban school districts.

2. Allocate funds on a formula basis directly to large urban school districts. The formula should provide recognition of the actual cost to each LEA for the education of children in the project.

3. Require that the application submitted by the LEA prior to approval of the use of funds be tied into already existing Federal programs as projects to service children/adults who are:

   -Educationally disadvantaged
   -Handicapped (physically, mentally, etc.)
   -Dropouts
   -Gifted
   -Non-English speaking
   -Disadvantaged prekindergartners and early childhood children
   -Unemployed youth and adults
   -Poverty persons in need of retraining in an occupational field and in need of guidance and counseling
   -Senior citizens in need of counseling, group activities, etc.
   -Others in related categories

4. Place emphasis on evaluation and program accountability.

VIII. YOUTH EMPLOYMENT ACT

The receipt of funds under this Act in February 1978 will provide partial help in meeting the needs of the masses of unemployed youth in this City, many of whom, unfortunately, are among our low-income minority groups. We strongly recommend that Congress:

1. Approve legislation and appropriations for continuation of this program beyond FY'78.
2. Increase the supplemental appropriation anticipated to $1 billion.
3. Increase the percent of funds the prime sponsor must allocate to a school district to not less than 30 percent of the total funds received.
4. Provide funds to cover guidance/counseling services to in-school and out-of-school youth in the project, plus administration and evaluation costs.
5. Emphasize youth involvement in types of employment that will lead to permanent careers and not merely pro tem employment.

IX. COMPREHENSIVE EMPLOYMENT ACT

1. Require that not less than 25 percent of the total funds received by the prime sponsor be allocated to a school district.
2. Substitute a realistic income requirement for the individual seeking employment or for the family group in lieu of the substandard family income requirement level in the current legislation.
3. Increase the maximum salary level to $14,000 per annum.

X. IMMIGRANT EDUCATION ACT

The problems urban cities face in providing public education for illegal and legal aliens are increasing in many urban cities that serve as "ports of entry" for immigrants. According to the U.S. Immigration and Naturalization Service, there are between 6-8 million illegal aliens now in the U.S. Of this number, there are between 750,000 and 1,500,000 illegal aliens in the N.Y. Metropolitan area, three fourths of whom live in N.Y. City. These migrants are not included in the census figures for N.Y. City.

This means that N.Y. City receives no assistance in financing municipal services for these unaccounted hundreds of thousands from the many federal aid programs whose payments to municipalities are based on population count. The dimensions of the loss are $50 and $150 million per year.

Education of the children of illegal as well as legal aliens is now being supported without Federal assistance. We, therefore, recommend that Congress:

1. Prepare a new Immigrant Education Assistance Act or amend the current Indochinese Refugee Assistance Act to provide funds for the education of illegal and legal aliens, children and adults.
2. Allocate funds directly to eligible cities based on a count determined by the U.S. Immigration Service and the per pupil cost of educating children in each school district.
3. Emphasize accountability for use of funds.

XI. MULTIPLE-YEAR FUNDING

To these recommendations just made on areas of concern in relation to some of the Federal legislation affecting New York City schools could be added one recommendation common to all legislation; i.e., authorization of funding for a three-year period to allow for effective program implementation and longitudinal evaluation. It is only through multiple funding that Federal dollars can be used to the maximum.

In conclusion, on behalf of the over one million children in New York City Schools and their parents, may I add that we are glad for this opportunity to present our recommendations to this distinguished committee. We shall appreciate your continued cooperation in providing the Federal funds greatly needed at this time to support education in New York City.

Presented by: IRVING ANKER,
CHANCELLOR

STATEMENT OF DR. HARVEY GRANITE
COORDINATOR, URBAN FUNDED PROGRAMS
ROCHESTER PUBLIC SCHOOLS, ROCHESTER, NEW YORK

TO

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

Mr. Chairman and members of the sub-committee, my name is Harvey Granite, and I am Coordinator of Urban Funded Programs for the Rochester, New York public schools.

EFFECT OF ORSHANSKY

Recently the *Report on Education to the Disadvantaged* reported remarks by Paul Briggs, Superintendent of the Cleveland schools, to the effect that his district had lost 15% of its Title I funds in 1975, another 15% in 1976, and 4% in 1977. That was *almost* Rochester's story. We in fact lost an additional *5.5%* in 1977! The reason that Mr. Briggs gave for this loss was that the Orshansky Formula does not work. In reflecting the true picture about poverty-impacted families in large northeastern cities, I will not belabor that point. I am sure your committee has heard enough on this topic to convince you all that there is something very wrong with the Orshansky Formula. Let me add, however, that while Rochester lost over 35% of its dollar allocation it also lost an additional 30% in the buying power of its allocation. We estimate that the rate of inflation in programs such as Title I runs over 10% per year when one includes the increased cost of negotiated increases, increments, escalator clauses, higher rates for social security, and mandated expenses for unemployment insurance and other fringes. In effect Rochester's programmatic buying power has been more than cut in half since 1973-74, when our Title I allocation was $5,128,560 compared to 1976-77, when it fell to $3,547,630.

POVERTY MULTIPLIES
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ALLOCATION DROPS

When one realizes that poverty in Rochester has increased enormously while this cut has taken place, the degree of injustice in the present system of allocation becomes even more evident. Since 1965-66, the first year of ESEA, Rochester's AFDC population has increased from 2,251 children, with a Title I Part A allocation of nearly $2,000,000, to 21,255 children in 1976-77 with an allocation of $3,547,000. In other words, the poverty population for whom Title I was originally intended multiplied 1,000% while the Title I allocation had increased during that eleven year period by only 75%. In terms of educational buying power the allocation was actually significantly less last year than it was ten years before. Therefore, our first concern is that Congress develop a formula that recognizes once again the close relationship between poverty and educational disadvantage and which provides for the inflation that affects every area of our economy, particularly education.

DISADVANTAGE LINKED TO POVERTY

In spite of the discrimination against large cities and against areas of impacted poverty created by Orshansky, I am opposed to any formula which distributes Title I funds on the basis of educational disadvantagement alone. The clear intent of Congress in 1965-66 was to create a program of compensatory education directed toward children whose educational disadvantage could be linked to poverty. Studies over the last ten years have corroborated that there is a high correlation between poverty and lack of school achievement just as there is a high correlation between lack of school achievement and unemployment, crime and other social evils. Congress later established the Emergency School Assistance Act which has as one of its goals the elimination of racial isolation as an additional factor in lowering achievement levels among minority pupils. In cities such as

Rochester poverty and racial isolation go hand in hand. The children harmed by racism are often the same children who are harmed by sub-standard housing and sub-standard nutrition. To remove poverty as a major contributing factor to educational disadvantage would be to intensify the recent tendency to distribute more compensatory funds to suburban and rural areas, away from the large cities where the poor, the Black, the Hispanic, and the disadvantaged are concentrated.

MONDALE COMMITTEE SHOWS INEQUITIES

In 1971 the Select Committee on Equal Educational Opportunity of the United States Senate, chaired by then-Senator Walter Mondale, published a study entitled "Federal Aid to Public Education: Who Benefits?" That study detailed a pattern of discrimination from all funding sources except ESEA, Title I against large cities. "(I)n the most urbanized areas of the Nation," the study indicated,"we found a unique crisis in educational finance caused by a general deterioration in their fiscal situation combined with higher demands in costs - for education and other public services -- than exist in neighboring communities. Yet the school districts that received the most federal aid per pupil were not in urban but in rural areas."

According to this study, only Title I provided metropolitan areas with allocations equitable to that of the neighboring communities within the metropolitan area. That may have been true in 1971. It was less true in 1974. Except for Title I of ESEA the study found that "large cities were receiving less aid than their proportionate share of the state's population would imply. . . . Only under ESEA I did the 30 cities receive funds equal to their percentage of state's student population. . . ."

ADDITIONAL PROBLEMS WITH SUB-ALLOCATIONS

Just how this works in Monroe County in the State of New York where Rochester is located can be seen when we compare the

Monroe County and Rochester City School District's allocations. In 1973-74 the total allocation for Monroe County was $5,664,520 of which Rochester's share was $5,128,560. Approximately $550,000 of the County allocation or 10%, went to suburban districts. In 1976-77, although the County's total allocation had dropped to $4,389,578 the share of the allocation going to County suburban and rural school systems was much larger -- $841,948. Apparently the New York State Education Department, which had fought against the Orshansky formula as discriminatory against New York, later applied the same formula in distributing Title I funds to the various districts within the county. As a result, Rochester has received even less in Title I assistance than it might have otherwise under the law. Although the population of AFDC children in the county outside city limits had dropped to 8% by 1977, their share of Title I assistance had risen to almost 20%. Not only must Congress pass regulations which get funds to the children who most need and deserve them, but it must also make certain that the states correct inequities in their sub-allocations.

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In 1969, the last time I was given the privilege of testifying before this committee, I spoke enthusiastically of the benefits to Rochester children which accrued from additional ESEA dollars in Title I, Title II, and Title III. In spite of falling federal allocations, in spite of growing difficulties which Rochester faces -- along with other large cities -- in maintaining a balanced curriculum in the face of mounting costs and shrinking revenues -- I can still report progress in meeting many of the goals which Congress set for us.

For example, in February, 1969, Rochester had just begun its campaign to place a fully equipped, professionally staffed library in each of its 44 elementary schools. We used Title II funds (later Title IV-B), local levy funds, NDEA funds, bond ordinance money. We were lucky in receiving a number of special incentive awards. In 1974 we achieved our goal. In 1975 Rochester was awarded the American Library

Association - Encyclopedia Britannica Award for excellence of its library program. We are trying to maintain that excellence with our Title IV-B allocation.

In 1969 we were in our third year of operating a complex grouping of innovative programs, including a model integrated elementary school, an urban-suburban integration program, and several other components designed to link school districts, their staffs, their parents, their communities, their local colleges and businesses, in a mutually supportive network designed to solve some of the impending educational problems of the Seventies. We didn't solve all the problems, of course, but we found out how to do it. And eight years later we continue to operate the school and most of the programs. The Urban-Suburban Transfer Program, one of three in the entire U.S.A., is now expanded with E.S.A.A. discretionary funds. About 800 Rochester minority children attend suburban schools in this program. Except for handicapped and vocational pupils from the suburbs who need special city programs, however, less than a handful of white suburban children are willing to attend city schools. Those that are willing are impeded by transportation rulings in ESAA and state practices that permit busing for any purpose but integration.

Our Title I program has succeeded in turning around what for a time seemed to be a drift toward increasing numbers of pupils below minimum competence in reading and mathematics in Rochester. In 1971, 43% of our third graders scored below minimum competence levels in reading and 42% scored below minimum competence in mathematics. In 1976 both figures were reduced to 29% below minimum competence in reading and math. In 1976 we saw a further decrease in disadvantage citywide by 3% over 1975. Ninety per cent of this reduction took place in Title I schools operating math labs. In reading and in mathematics Rochester expects to make even more significant progress next year.

Much of the most significant growth took place in Title I schools, which in some cases have been performing at a level higher than the citywide average. But this progress is not entirely due to the effectiveness of Title I programs. It is also affected by the growing number of schools which would be eligible to receive Title I funds if we had enough funds to serve the 8 additional elementary schools and 4 additional secondary schools with economic disadvantage above 30%. Thus, because our allocation has failed to keep pace with our impacted poverty, the participating Title I schools are beginning to outstrip their only slightly less eligible, non-participating counterparts. A more equitable distribution of Title I within Monroe County could yield about $450,000 to serve those have-not schools. A more equitable distribution of Title I among the states could yield significantly more. Our present cut-off for elementary schools is 45%, for secondary 35%.

One suggestion by Superintendent Briggs of Cleveland is that Part C be restored to help close the gap between city and suburbs. While the $249,000 we received from Part C in 1974-75 does not provide equity, it would enable us to serve more schools.

Gentlemen, I thank you for your attention and interest. If time allowed I would go into other areas of significance to those of us who administer federal aid to the schools. We need to re-examine the role of the State Education Departments in serving as the pipeline for some funds, such as Title I and Titles IV-B and IV-C, but not for others, such as ESAA. We need to re-examine the consistency by which the role of parents is maintained at the local level but ignored at the state level. We need to decide whether the current regulations covering evaluation designs enable us to get a true picture of the performance of pupils in Title I programs. But for now, as with others in this hearing, my primary concern is for the survival of the programs themselves. Our children need them.

COMPARISON OF PART A ALLOCATION FOR MONROE COUNTY, FY's 1970-1977, TO ROCHESTER CITY SCHOOL DISTRICT

Fiscal Year	Monroe County	Rochester City School District	Suburbs	% To Suburbs
1970-71	$ 3,778,665	$ 3,408,215	$ 370,450	9.8
1971-72	4,093,118	3,696,599	396,519	9.7
1972-73	4,735,309	4,292,581	442,728	9.3
1973-74	5,664,520	5,128,560	535,960	9.5
1974-75	4,814,842	4,359,276	455,566	9.5
1975-76	4,229,163	3,705,385	523,778	12.4
1976-77	4,389,578	3,547,630	841,948	19.2

ROCHESTER'S TITLE I ALLOCATIONS
AND NUMBERS OF REPORTED A.F.D.C.

Fiscal Year	A.F.D.C.	Allocation (Part A Only)	Part B	Part C
1965-66	2,251	$ 1,980,306	$	$
1966-67	6,471	1,802,557		
1967-68	6,319	1,912,110		
1968-69	7,376	2,148,970		
1969-70	8,352	2,471,841		
1970-71	8,195	3,408,215		
1971-72	13,860	3,696,599	36,772	100,116
1972-73	14,389	4,292,581	37,910	131,644
1973-74	20,180	5,128,560	82,429	249,088
1974-75 (8/'74)	21,224	4,359,276	64,245	102,151
1975-76	19,353	3,705,385	75,520	-
1976-77	21,255	3,547,630	101,406	-

COMPARISON OF PART A ALLOCATION FOR MONROE COUNTY, FY's 1966-1977, TO ROCHESTER CITY SCHOOL DISTRICT

Fiscal Year	Monroe County	Rochester City School District
1965-66	$ 2,510,850	$ 1,980,306
1966-67	2,341,056	1,802,557
1967-68	2,454,969	1,912,110
1968-69	2,537,397	2,148,970
1969-70	3,343,148	2,471,841
1970-71	3,778,665	3,408,215
1971-72	4,093,118	3,696,599
1972-73	4,735,309	4,292,581
1973-74	5,664,520	5,128,560
1974-75	4,814,842	4,359,276
1975-76	4,229,163	3,705,385
1976-77	4,389,578	3,547,630

NOTE: REPRODUCE THIS PAGE IF MORE SPACE IS NECESSARY

IX. LIST ALL PUBLIC SCHOOLS IN DESCENDING ORDER ACCORDING TO PERCENTAGE OF POVERTY (COLUMN 5). USE COLUMNS 1 THROUGH 5 FOR ALL SCHOOLS. USE COLUMN 6 FOR PROJECT SITES ONLY.

Public Schools (List in Descending Order Per Column 5) Name (1)	Grade Span* (2)	Total Enrollment (3)	Number of Low Income Resident Pupils (4)	Percentage of Poverty in Attendance Area (5)	Total Unduplicated Count of Participants (6)	For SED Use Only School Code (7)
SCHOOL NO. 8 (755)	K-6	588	516	87.8	246	
6 (362)	K-3	648	509	78.5	145	
22 (901)	K-6	854	670	78.5	297	
13 (353)	K-3	270	209	77.4	99	
3 (278)	K-6	296	225	76.0		
14 (383)	K-6	598	427	71.4	150	
29 (736)	K-6	624	445	71.3	221	
17 (711)	K-6	707	497	70.3	240	
27 (689)	K-6	966	672	69.6	245	
2 (581)	K-6	684	470	68.7	210	
19 (567)	K-3	521	357	68.5	122	
*Follow Through (279)	K-3	*	*	66.7	171	
11 (835)	K-2	674	439	65.1		
36 (900)	K-6	1170	680	58.1	136	
25 (450)	K-6	506	282	55.7	35	
20 (278)	K-3	351	188	53.6	117	
12 (620)	4-6	1036	502	48.5	213	
9 (674)	4-6	1332	634	47.6	349	
5 (497)	K-6	560	257	45.9	136	
4 (509)	K-6	579	263	45.4	171	
31 (279)	K-6	313	141	45.0	46	
15 (239)	K-6	368	154	41.8		
21 (316)	K-6	509	209	41.4		
*World of Inquiry (275)	K-6	*	*	41.1		
33 (634)	3-6	898	332	37.0		

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NOTE: REPRODUCE THIS PAGE IF MORE SPACE IS NECESSARY

IX. LIST ALL PUBLIC SCHOOLS IN DESCENDING ORDER ACCORDING TO PERCENTAGE OF POVERTY (COLUMN 5). USE COLUMNS 1 THROUGH 5 FOR ALL SCHOOLS. USE COLUMN 6 FOR PROJECT SITES ONLY.

Public Schools (List in Descending Order Per Column 5) Name (1)	Grade Span* (2)	Total Enrollment (3)	Number of Low Income Resident Pupils (4)	Percentage of Poverty in Attendance Area (5)	Total Unduplicated Count of Participants (6)	For SEA Use Only School Code (7)
SCHOOL NO. 30 (599)	K-6	806	a 274	34.0		
50 (339)	K-6	298	98	32.9		
38 (380)	K-6	293	95	32.4 ~~31.5~~		
44 (451)	K-6	423	137	31.5		
16 (856)	K-6	1012	309	30.5		
35 (597)	K-6	594	160	26.9		
Bilingual 28 (610)	K-6	537	133	24.8	107	
24 (153)	K-6	337	77	22.8		
23 (315)	K-6	439	90	20.5		
43 (489)	K-6	543	108	19.9		
39 (735)	K-6	956	173	18.1		
37 (518)	K-6	907	151	16.6		
52 (406)	K-6	455	73	16.0		
49 (405)	K-6	338	52	15.4		
7 (732)	K-7	851	129	15.2		
40 (472)	K-6	505	74	14.7		
41 (662)	K-6	711	97	13.6		
34 (560)	K-6	791	107	13.5		
46 (313)	K-6	418	47	11.2		
42 (447)	K-6	515	51	9.9		
1 (262)	K-6	329	19	5.8		
Elementary Total (23,432)		27,112	11,529	42.5	3,421	

*A weighted average % disadvantaged for each alternative school, based on number attending from each school, % disadvantaged in each sending (home) school and proportion to total alternative school enrollment.

NOTE: REPRODUCE THIS PAGE IF MORE SPACE IS NECESSARY

18. LIST ALL PUBLIC SCHOOLS IN DESCENDING ORDER ACCORDING TO PERCENTAGE OF POVERTY (COLUMN 5). USE COLUMNS 1 THROUGH 5 FOR ALL SCHOOLS. USE COLUMN 6 FOR PROJECT SITES ONLY.

Public Schools (List in Descending Order Per Column 5) Name (1)	Grade Span* (2)	Total Enrollment (3)	Number of Low Income Resident Pupils (4)	Percentage of Poverty in Attendance Area (5)	Total Unduplicated Count of Participants (6)	For SED Use Only School Code (7)
Douglass Jr. High (1150)	7-8	1748	1068	61.1		
(Project Site) (100) Neighborhood St. Aca.	9-12	*	*	60.0	100	
Wilson Jr. High (1100)	7-8	1869	775	41.5	200	
Edison (1100)	9-12	*	*	41.5		
Interim Jr. High (475)	7-8	*	*	40.4	100	
Franklin (2700)	7-12	5154	2004	38.9	520	
Madison (1550)	9-12	4089	1426	34.9	200	
Monroe (1800)	7-12	3079	1029	33.4	335	
Jefferson (1300)	7-12	2238	745	33.3	~~35~~	
(175) School Without Walls	9-12	*	*	30.9		
OYA (100)	8-10	*	*	27.0		
East (2400)	7-12	3407	814	23.9		
Marshall (1600)	7-12	2486	408	16.4		
Charlotte (1150)	7-12	799	90	11.3		
Secondary Total (16,700)		24,869	8,359	33.6	1,490	
District-wide Total (40,132)		51,981	19,888	38.3	4,911	

*A WEIGHTED AVERAGE % DISADVANTAGED FOR EACH ALTERNATIVE SCHOOL, BASED ON NUMBERS ATTENDING FROM EACH SCHOOL, % DISADVANTAGED IN EACH SENDING (HOME) SCHOOL AND PROPORTION TO TOTAL ALTERNATIVE SCHOOL ENROLLMENT.

*If school is totally ungraded, enter "UN".